THE FINANCIAL POST

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The Reconstruction Plank 2

Index to Major Articles ... 14

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The Nation's Business

Reasons Abundant For Hope in Future

A story is told of Merle Thorpe that in 1933 a farm friend wrote to him and said "Merle, the depression is over. I am writing to you because I thought you would like to know about it. I have been through several spells of hard times and I have noticed that when I get down to my third pair of pants, the depression is over. I am on my third pair now and they are so thin that if I should sit on a nickel I could tell whether it was head or tail."

Despite the hardships that are almost certain to lie ahead; despite the disappointments and tragedies that 1943 is sure to bring, there are nevertheless, in general, abundant reasons for looking ahead with optimism and courage.

There are some questions we are all asking, and here are some considerations to keep in mind regarding the answer.

Shall we, this time, achieve a real peace?

The weight of evidence holds out excellent hope that we shall. The blunders of 1919 are very clearly remembered; very well understood. Two things are now pretty clear. Instead of an Armistice of a few months during which a peace is feverishly concocted, authorities are now talking an Armistice of two to ten years. Instead of immediate and general disarmament, it is pretty clear that this time, enemy lands will be policed and we shall keep mobilized and ready the force to back up those police. This time the impatient idealists, whose preachings said force must be banished from the earth are not likely to get much of a hearing.

This war has finally pulled the United States out of her isolationist shell. With her great might in men, machines and materials remaining ready to maintain a world of law and order, there is real hope for all freedom-loving peoples.

True, in the United States there are powerful, myopic and some sinister interests which are now laying their plans to drive America back to her old isolationism. But the achievement of this war, the sacrifices of this war, teach lessons that will not easily be forgotten. And the evidence now is that self-interest alone will silence some of these forces of stupidity and introversion. In his address this week Vice-President Henry Wallace left no doubt of his own conviction that America will continue after the war to be a world force.

* * *

WE DON'T NEED A DEPRESSION

Another question: Will peace plunge us into chaos and depression at home, demobilized soldiers unable to find jobs, war industries finding few peacetime tasks for their machines?

With wise government, wise leadership the evidence suggests that we don't need to have a depression. By this time we have learned a great deal about what makes booms and depressions, how they can be alleviated.

Here, too, there are shortsighted forces which are already crying "Let's get back to the good old days." That, of course, is nonsense. First, we can't go back to anything any more than we can turn back time itself. Second, they were good days for too few people—and even for those the goodness was often a mirage. All but a few now know that the continued prosperity of the few is dependent on the continued prosperity of the many.

Canada's wartime controls have so far served Canadians reasonably well. Most of them promise to continue to do so. But in months immediately following the war, the need for some of them will be just as great, if not greater, than during the war. Remember that the German economic collapse came after the last war; that Canada experienced her most severe degree of inflation after, not during, the war.

On the outbreak of peace, there will be loud cries to sweep aside all our wartime controls at once. Too rapid compliance with that demand will be disastrous. Our wartime acceptance with these troublesome restraints will have gone for naught. Patience and fortitude to put up with them a little longer until the danger is past is vital, and with sound leadership can be had from the Canadian people. At the same time, we must never lose sight of the fact that we must get rid of these controls as soon as wisdom permits.

The industrial revolution which war has worked in Canada is to be regarded as a blessing, not as an additional burden.

Remember that during the depression of the thirties it wasn't too much industrial capacity which plagued us. It was too little. We didn't have enough capacity necessary to provide jobs for all.

Remember that Canada's industrial revolution has been accomplished almost entirely by private enterprise; that government capital accounts for well below 10% of Canada's industrial fighting power.

Remember that the Department of Munitions and Supply has estimated that only a small proportion of the war plant added to our stature for war cannot be converted to peacetime needs.

Indeed, the reasons for looking forward with courage, for preparing now to act and to participate fully and with imagination in the new world of peace, are great. Merle Thorpe's farmer friend was right; 1933 was bottom of the depression. This turn of the year is almost certainly one of the great moments in world history.

* * *

ANTIDOTES FOR PROPHETS OF GLOOM

There are busy prophets of gloom who are proclaiming that Canada's expansion is finished; that we don't want and can't support a larger population; that opening our immigration doors after the war will add impossible burdens and dangers for the Canadian economy.

Strong and authoritative denial of that point of view is given by Griffith Taylor, one of the world's outstanding geographers, now professor of that science at the University of Toronto.

Using his scientific measuring sticks of climate, soil, temperature and other factors of environment such as raw materials, Professor Taylor estimates that not until Canada has a population of 50 millions will we near the population saturation point.

On the basis of a European standard of living, his saturation point for Canada is 100 millions, but he suggests dividing that figure in half to retain our present standard of living. His argument is put forth in a brief pamphlet "Canada's role in Geopolitics" published by the Ryerson Press.

Comparing conditions in Canada with those in Scandinavia and the U.S.S.R., Professor Taylor says "Canada, which has about half the Russian area of 'potential-settlement' country, cannot possibly be 'saturated' with a population of 11 million." He adds:

"The agricultural and industrial potentialities of Alberta lend some support to the view that Calgary may surpass Ottawa (a century hence); and even some day rival London as a focus of the Empire. Consideration . . . suggests that the political centre of the Empire may move away from stormy Europe to the better-protected Canadian section of the Empire."

Whether Dr. Taylor would hold out such a bright future for Edmonton, we don't know. But it is Edmonton right now that is booming. It is the terminus of the Alaska highway, the big aircraft base on what is now and will be one of the world's great airways. Edmontonians report enthusiastically of the amount of property, which private American interests are now so eagerly purchasing.

But whether it is Calgary or Edmonton which may have within itself the seeds of future greatness, the probable destiny seen by this outstanding scientist for the province of Alberta and for the continued growth of Canada, is a strong and timely antidote for current preachings of stagnation and gloom.

May Ration Meat In Canada Soon

Would Boost Bacon Shipments to Britain, Facilitate Payment of Consumer Bonus on Beef to Reduce Cost of Living, Ottawa Quarters Say

By KENNETH R. WILSON

OTTAWA.—Rationing of meat and, if necessary, the payment of a direct consumer subsidy to lower the retail price of beef, are steps which loom ahead in Canada for the near future.

Whether rationing of meat would have been necessary in any event in this country, the fact that the United States is now committed to this makes it inevitable in Canada.

Speaking about U. S. food problems on Sunday last, U. S. Secretary of Agriculture Wickard stated:

". . . people in some communities today are unable to get their fair share of certain kinds of foods . . . that is why meat is going to be rationed."

The date mentioned for introduction of U. S. meat rationing is Feb. 15.

Beef Subsidy

Beef may be included among the items subject to consumer subsidy in Canada, in order to reduce living costs, even before rationing starts across the border.

On December 3, Hon. J. L. Ilsley announced a new price ceiling policy, whereby a consumer subsidy was to be paid on milk, oranges, tea and coffee, to relieve pressure on the cost of living index. Until a few hours before the announcement the intention had been to include beef in the list. Because of administrative difficulties it was dropped at the last minute.

What now seems probable is that beef may have to be added to achieve Donald Gordon's objective of stabilizing the cost of living index at the Nov. 1 level.

The next index test will come in a few days time when the Dec. 1 report on the cost of living will be announced. But adjustments to the cost of living bonus are only computed once in three months, so it is the Jan. 1 change in the index (announced about Feb. 5) which will be the determining influence.

Cost of Living Index

It seems highly probable that if the reductions in retail prices of milk, tea, coffee and oranges are not adequate to stabilize the cost of living at or about the Nov. 1 level, a consumer subsidy on beef and a reduction in retail prices will be introduced. A reduction in beef prices to consumers of 5½ cents a pound would lower the index by almost one full point.

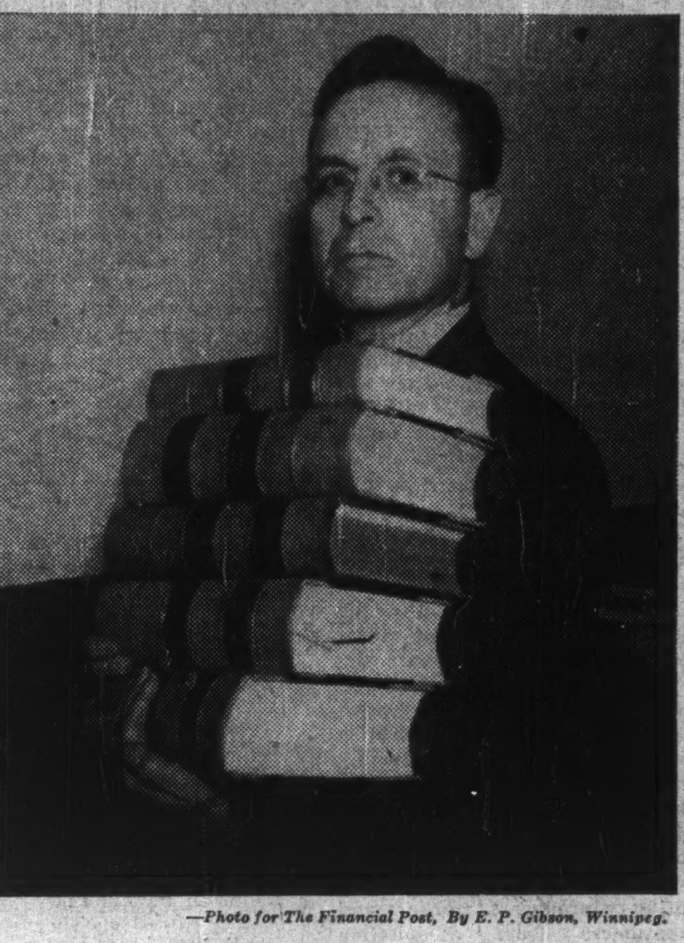
If such a step is taken, it is almost certain to be accompanied by meat rationing, irrespective of whether the U. S. has instituted a ration plan by that time.

Also pointing toward meat rationing in Canada is the fact that current offerings of hogs are not adequate to meet the new British quota. Admittedly the appeal of some months ago for Canadians to cut down voluntarily in their consumption of bacon and pork products was not very effective—not nearly so effective as a similar order a year ago. One reason for this is that as formal coupon rationing is extended, voluntary appeals have less force. The public attitude is that if the government is serious about the need for conserving pork it should allocate fairly the amount available for domestic consumption by means of rationing.

Hog Quota

At the moment, the basic reason for failure of Canada to reach its weekly hog export quota is the fact that supplies are not coming through from the farms. Effective Jan. 1, a hog slaughter permit will be required. It is believed this will overcome lack of control.

Moving Day in Manitoba



—Photo for The Financial Post, By E. P. Gibson, Winnipeg.

Newest and youngest (44) of Canada's provincial premiers is Hon. Stuart Sinclair Garson, of Manitoba, who has just moved into the office held so long by Hon. John Bracken. Provincial treasurer since 1936, Mr. Garson turned Manitoba's deficits into surpluses, did a brilliant job presenting Manitoba's brief to the Rowell-Sirois Commission. Born at St. Catharines, Ont., he has lived in Manitoba since he was three, graduated in law in 1918, and includes among his hobbies the study of bird life. (For personal sketch see page 6.)

Joint Food Policy Aim of Conference

Gardiner Meets Wickard at Washington to Discuss Co-ordinated Production by Canadian and U. S. Farmers; May Adjust Ration Schedules

By ROBERT T. ELSON

WASHINGTON.—Important steps to co-ordinate food production policies and perhaps adjust the rationing schedules of Canada and the United States may be taken here next week.

Canada's Minister of Agriculture, James Gardiner, and her Food Administrator, J. G. Taggart, are scheduled to arrive for a series of meetings with the new American Food Controller, Claude Wickard, and probably British food officials.

This is the second meeting between Gardiner and Wickard, who is also Secretary of Agriculture, within a few months. When they met last fall, Wickard had not received the full grant of presidential authority that shifted on to his shoulders the burden of guaranteeing an adequate supply of food for his own country, the armed forces overseas, and relief of occupied Europe.

Now, as planning in detail for the expanded military operations next year and European relief problems has begun, it is believed Wickard will seek co-operation and support from Gardiner. The initiative for these meetings, it is understood, has come this time from the American side.

A few preliminary steps toward U. S. - Canadian co-operation in agricultural production were taken last year when the Dominion agreed to expand the acreage for certain feed grains and flax, while the United States took steps to meet certain needs for fats and oils. In some quarters it is now suggested these moves, originally made at the suggestion of the Joint Canadian-American Economic Committee, would be better directed by a joint agricultural committee.

Rationing Developments

The Canadian officials will arrive here as severely curtailed civilian supply is beginning to cut into distribution arrangements on both sides of the border. In Canada butter rationing has been adopted; here there is a voluntary rationing on the part of grocers which makes it hard to get unless you are a steady and favored customer. But on Sunday last Wickard, assisted by the Director of War Information, Elmer Davis, told the American people that the British point system of rationing for most of their processed foods was on the way.

This will affect 200 canned, frozen and dried vegetables and fruits, the civilian supply of which will be cut one third next year. Although the rationing was announced for early in February it is believed that it may not be put into force until early March, with meat rationing due at a later date. It is freely predicted that the new point rationing coupons will soon become "food currency" fully equal in importance to "folding money" — because the possession of a ration coupon will be more important than a dollar in the consumer's purse.

Under the principle of "equality of sacrifice" that has previously applied to civilian supply on both sides of the border, Gardiner and Taggart will want to discuss in detail the future impact of these rationing programmes on Canada. There is also the question of the American programme which is to de-emphasize the low calory foods, place more emphasis upon the so-called protective crops.

Liquor Ad. Ban Ruled to Include Patriotic Drives

By STAFF WRITER

OTTAWA.—Unless the Dominion cabinet intervenes, plans of the liquor industry to launch a nationwide patriotic advertising campaign without use of brand or company names have been vetoed.

The Department of National Revenue has asked the Justice Department for a ruling on the legality of this or any "contributed" campaign under the advertising restriction order passed recently by the Dominion government.

The ruling is to the effect that there can be no spending of money by liquor companies on any type of contributed or sponsored advertising after Feb. 1, under the order as it now stands.

Big Inco Expansion Completed

Can Meet All Essential War Needs, Stanley Declares

Two important steps in the United Nations' ability to produce needed alloy metal highlight the year-end survey of the nickel industry by Robert C. Stanley, president of International Nickel Co. of Canada.

First is the statement that increased nickel productive capacity is expected to be sufficient for essential war needs, when allowance is made for nickel which can be salvaged from scrap and which can be "conserved."

Second is the announcement that the extra 50 million pounds of nickel productive capacity over the 1940 rate has been achieved. This is the increase in production promised when a $35 millions expansion programme was announced a year ago.

Emphasizes Need For Scrap

"The importance of scrap metal salvage cannot be overestimated," Mr. Stanley declares. "The heaviest demand for nickel today is for use in alloy steels. Nickel in alloy steel scrap, if delivered to the mills in suitable form, can supplement primary nickel. Thus scrap can relieve much of the burden from our mines and refineries.

"While much more alloy scrap is being used today than was used a year ago," Mr. Stanley continues, "there are indications that a great quantity of nickel-bearing scrap is still available for steel furnaces. Efforts of the company's personnel and facilities are being used in co-operation with the Canadian and United States Governments to return more of this available metal to war industries.

"Members of the company's technical staff and field office personnel have been mobilized to aid nickel-consuming industries reduce nickel requirements where practicable, to advise on the most economical use of nickel, and to help the conservation of nickel by changing specifications. Such measures initiated by government and industry have played an important and constructive role in lessening the demand upon primary alloy production.

N. E. Steels Helping

"A most important conservation measure in the United States was the development of the National Emergency steels. These steels represent a joint development by the U. S. War Production Board and the American Iron and Steel Institute. National Emergency steels, as their name indicates, have been brought into being to serve a definite purpose—the spreading of available alloys as widely as possible. The receipt of alloy scrap to date has been sufficient to supply almost the entire need of the National Emergency steels. Available information indicates that almost no primary nickel is required now for these steels.

"It is possible that, as in the last war, many materials now used as a stop-gap because standard materials are not available, may become important contributions to peacetime industry when the war is over.

Greater Contribution Today

"The services which the nickel industry is called on to perform in the present war are far more extensive than those in World War I. Since 1918, a quarter of a century of development and research has made nickel essential for hundreds of peacetime uses. In these uses are included automotive, transportation, shipbuilding, chemical and other applications of importance throughout the range of industries. The breadth of these uses measures the size of the servicing work which must be performed by the company during World War II.

Can. Pacific Earnings Set High For 60 Years

Eleven-month Figures Indicate Net Operating Income of $65 Millions for 1942 — All Branches Share Activity

MONTREAL.—Based on returns to the end of November, Canadian Pacific Railway Co.'s net profit for 1942 is estimated at a figure in excess of $65 millions. This figure, if attained, will be the largest ever reported by the company and comparing with $64.5 millions in 1941 and $64.3 millions in 1928.

To the end of November net operating revenues were just short of $43 millions, or $2.1 millions more than the like period of last year. Returns for December are expected to total around $5 millions, making for a net operating income in 1942 of about $48 millions. This would compare with some $46 millions the year before.

No figures have been released on "other income," but in view of the full employment of all subsidiary facilities, it is anticipated that other income for 1942 will be at least as large as in 1941, when $18.6 millions was credited to this source.

The railway operating results to the end of November follow:

	1942	1941
	$	$
November		
Gross earnings	22,414,905	20,207,692
Working expenses	17,145.450	15,006,465
Net earnings	5,269,455	5,201,227
11 Months Ended November		
Gross earnings ...	232,340,753	200,241,838
Working expenses	17,145,450	15,006,465
Net earnings	42,993,378	40,866,786

"Photographic" Publishing Speeds Beveridge Job Here

An outstanding example of modern publishing enterprise and speed was the publication on this continent of the Beveridge report.

Immediately on its release in Britain, one copy of the report was flown by bomber to this continent. The Macmillan Company had completed arrangements with His Majesty's Stationery Office; other book publishers on this continent had co-operated to make available to them the big supply of paper necessary.

The one "bomber" copy was torn to pieces. Page after page was put up in front of a battery of cameras. As each page was photographed, plates for an offset printing job were rushed.

Now, hardly three weeks after the first bomber copy arrived on this continent, 50,000 copies of this 300-page, paper-bound volume, "Social Insurance and Allied Services," by Sir William Beveridge are being distributed.

In Britain, 70,000 copies of the report were sold in three hours after its release. In Canada alone, the publishers have had 3,000 requests for copies prior to publication.

C. N. R. System Income in 1942 New Record

Net Is Sufficient to Pay All Interest Charges With Surplus Over

From Our Own Correspondent

MONTREAL.—Net revenues in excess of $85 millions, an all-time record, are foreseen for 1942 by R. C. Vaughan, chairman and president of the Canadian National Railways in a preliminary estimate.

This will be sufficient to pay taxes and other charges, including interest, and leave a surplus to be paid to the government.

The following tabulation gives a comparison of 1942 indicated revenues with the actual results for 1941.

	1942 Indicated	1941 Actual
Oper. revenues ..	$370,000,000	$304,376,778
Oper. expenses .	285,000,000	237.768,437
Net revenue	85,000,000	66,608,341
Oper. ratio	77.02%	78.12%

Record Traffic Volume

Both freight and passenger traffic reached an all-time peak last year. Estimates placed the freight traffic at 32,000 million ton miles, as against a prewar peak of 23,041 million ton miles in 1928.

Passenger traffic last year in millions of passenger miles amounted to 2,650, as against 1,762 in 1941 and 1,541 in 1928.

	Freight Traffic in Millions of Ton Miles	Pass. Traffic in Millions of Passenger Miles
1942	32,000	2,650
1941	27,200	1,762
1940	21,332	1,125
1939	17,084	875
1928	23,041	1,341

While the volume of traffic in 1942 exceeded that of 1928 by 44%, it was handled with 8.6% less staff, 25.9% fewer freight cars, 14.2% fewer passenger cars and 6% fewer locomotives than in 1928. Moreover, the fuel consumption in 1942 was less by 45,000 tons than in 1928.

During the year 70 new locomotives, 46 passenger, baggage and mail cars, and 1,040 freight cars were acquired. There are on order, undelivered, 53 locomotives and 5,250 freight cars.

Businessmen Must Set Postwar Pattern

Says Private Enterprise Better Qualified to Do Planning

The following report of an address made recently in New York is a natural sequel to Mr. Hunter's article in The Financial Post last week, in which he dealt with postwar problems. It is a simple and convincing explanation of the private enterprise system and what it means to labor, management, consumer and investor.

By HORACE T. HUNTER.

President, The MacLean Publishing Company, Limited

According to Frederick C. Crawford, President of Thompson Products, Inc. Cleveland, and newly-elected President of the U. S. National Association of Manufacturers, most of the planning for peace is being done by people who do not create any material things and the only satisfactory solution to the postwar economic puzzle lies in the hands of private enterprise.

Mr. Crawford stated his views before a group of business newspaper publishers and editors, which I attended. In effect, Mr. Crawford's view was that what people wanted most was a higher standard of living (that means material things—food, clothing and shelter). But, he asked, how were they going to get it? Plans were being formulated by three classes of people in three different fields: (1) Social; (2) Political; (3) Commercial.

Most of the planning, he said, was coming from numbers 1 and 2 —the Social and Political, but these two classes did not produce any material things. They had no practical experience in the production of wealth. All production of wealth came from the commercial world and from No. 3 class.

The standard of living he said, could be raised only if there was an increased production in the commercial world. He pointed out that private enterprise had brought about this increase in production in the past and could in the future.

How? Customers always demand cheaper prices. Labor demands higher pay. Capital demands more return on its investment. Under private enterprise business management must satisfy these demands by increasing the rate of production, thus lowering costs and increasing output. It does this by devising better design of products and better tools for production.

This, he said, was the only economic system which had succeeded in raising the standard of living.

Then Mr. Crawford gave some examples of how the standard of living had been raised by an increase of production. First was a case where an improvement in design lowered the cost:

The tie rod, he said, is the part of the automobile which causes the two front wheels to turn the same way. It consists of a long piece of hollow tubing to which are attached ends made of forgings. To fasten the forging to the tubing, it had been the practice for many years to hammer the end of the hollow tubing until it was solid; to drill a hole in the forging and insert the tubing into the forging, thus fastening the two pieces together. Competition became keen in the motor car field. The public began to buy radios, refrigerators and homes. Motor cars had to be built cheaper. Automobile manufacturers demanded a lower price on tie rods. Finally, a young research engineer questioned the need for hammering the hollow tubing until it was solid and then drilling a hole in the solid forging. Why not keep the tubing hollow and keep the forging solid and screw the solid one into the hollow one, thus eliminating a number of expensive operations? This was a simple thing and yet the simplest things are the most difficult to think of.

Producers worked it out and it was found that $1.50 was saved on each tie rod. And tie rods could be manufactured quicker and with less effort than before. Thirty million automobiles have been sold since this improvement was made. Thirty million times $1.50 totals a forty-five-million-dollar reduction in the price of cars. In other words, the public purchased thirty million automobiles and had forty-five million dollars left over which went to raise their standard of living.

A second example, the case of Joe, explained how an improvement in tools or machinery increased the rate of production and made it possible for the less skilled worker to earn for himself a higher standard of living.

Joe was a good natured fellow without any skill and not too much brains. He had been striving to achieve a more abundant life for himself and his family. He would like to have the income of the skilled toolmaker, whom he envied. All Joe was able to do was sweep floors and do janitor service.

Impelled by the driving force of free enterprise to lower prices, raise wages and the return on capital, business management had been seeking better machinery. A machine was produced which was so fully automatic that it could produce better quality twice as fast as the old hand machine. No

(Continued on page 3, col. 1)

DOMINION OF CANADA
BONDS

BELL, GOUINLOCK & CO.
LIMITED
MONTREAL TORONTO WINNIPEG

Businessmen Must Set The Postwar Pattern

(Continued from page 1)

skill was required to operate it, it being only necessary to insert the raw material and press a button to start the machine. Joe got the job of running this machine and he can now produce quality pieces worth $30 or $40 a day instead of merely sweeping floors—a job worth $5 and $6 a day.

The new machine has literally transferred the skill from the hand and mind of the operator to the machine itself and makes up for the lack of skill and intelligence in Joe. Because of this increase in output, it lowers cost and Joe can now enjoy higher wages and a high standard of living.

Labor, said Mr. Crawford, has not always realized that while it shares in improved conditions, certain other things must come first. It should remember the case of Henry Ford. When Ford started to produce cars he found the first thing he had to do was to get the price down so that the public would buy cars. He therefore put his whole effort and energy into getting costs down so that he could make continual decreases in price and so get more customers.

Second, he found that he had to build up sufficient cash reserves and to keep improving his tools for production so that he could continue to increase wealth.

After Ford had reduced the price of his car and after he had built up reserves, he was in a position to share the benefits of his work. He did this by announcing a minimum wage of $6 per day, a figure which startled the world.

That, said Mr. Crawford was private enterprise. Since that time the process had gone on. The price had been reduced, cash reserves had been built up and labor had received a higher wage. Private enterprise like that was going on in different ways in every business, he said.

He pointed out that planning of this type was not done by either social workers or politicians, but rather by a man who understood business economics in a practical way.

Mr. Crawford declared that the private enterprise system had to be explained to the public and to workmen and to industry. It was on trial now.

Tremendous problems would face the country after the war. He believed that private enterprise could and would solve these problems provided it was given sufficient freedom of action by government and the co-operation of labor.

Bk. of Toronto Current Loans Are Higher

Share Earnings Lower at $16.08
Bond Holdings Up $36 Millions
Public Deposits Rise $9 Millions

In common with those of other banks issued recently, the 87th annual statement of the Bank of Toronto reflects the rising tide of Canada's war expenditures. Deposits and assets are substantially higher; holdings of government securities are up and taxes are heavier. Commercial loans are up almost $3 millions. Profits available for dividends have been reduced by increased taxation.

Profits before federal taxes were $38,857 higher than last year but after provision for bad and doubtful debts, staff pension fund and increased Dominion Government taxes, and writing $250,000 off premises, net profits amounted to $964,729 a decrease of $156,827. This was equal to $16.08 per share on the capital stock, compared with $18.69 a year ago.

On total shareholders' funds, including paid up capital, rest fund and profit and loss balance, amounting to approximately $18.5 millions, the earnings were equal to only 5.21%. The 10% dividend represents a return of 3.24% on these shareholders' funds.

Profits and Loss
Years Ended Nov. 30

	1942 $	1941 $
Profits*	1,214,729	1,371,556
W/o bank prem.	250,000	250,000
Net profits	964,729	1,121,556
Dividends	600,000	600,000
Bal. for year	364,729	521,556
Prev. bal.	2,495,800	2,974,243
	2,860,530	3,495,800
Tr. to rest	2,000,000	1,000,000
Bal. fwd.	860,530	2,495,800
Prof. per sh.†	16.08	18.69

*After appropriations to contingent accounts out of which full provision for bad and doubtful debts has been made and after providing $150,000 for staff pension fund in both years and deducting $1,086,628 for Dominion taxes in 1942 and $902,944 in 1941. Of 1942 taxes $60,453 is refundable under the Excess Profits Tax Act.

†After premises write-off.

Dividends Maintained

Dividends were paid at the usual rate, this being the only one of the Canadian chartered banks to maintain its previous rate. This it was able to do because the bank's average profit over the standard period of four years, 1936 to 1939, used in computing excess profits tax, left a surplus which was carried to reserve. With earnings at current levels, 70% of prewar profits still leave a sufficient amount to enable the bank to continue regular dividends of 10%.

A transfer of $2 millions was made from profit and loss to rest account. This money has been accumulated over many years out of earnings surplus to the dividends paid the shareholders, and premiums paid for capital stock.

The bank's liquid position continued strong with quick assets equal to 73.55% of total liabilities to the public. Last year the ratio was 68.65%.

Important items in the balance sheet follow:

Assets

	1942 $	1941 $
Cash & cash items	31,318,016	35,510,721
Govt. sec. 2 yrs.	63,113,719	32,545,085
Other securities	48,882,792	43,095,386
Call & sh. loans	1,318,025	1,146,775
Total liq. assets	144,632,553	112,297,967
Current loans	63,009,888	60,260,682
Mun. loans	3,001,444	3,438,170
Non-curr. loans	12,925	55,224
Circ. fund	175,559	175,559
Mortgages	13,792	6,776
Letters of credit	1,735,870	2,809,856
Bank premises	2,969,822	3,179,813
Other assets	64,209	......
Total	215,636,066	182,226,002

Liabilities

	1942	1941
Deposits:		
Government	35,533,741	11,017,146
Public, no int.	61,598,680	55,904,932
Public, interest	93,234,911	89,790,337
Total	190,367,332	156,712,415
Due other banks	2,259,133	1,076,421
Note issue	2,242,719	2,960,969
Letters of credit	1,755,870	2,809,856
Total liabs to pub.	196,625,056	163,579,663
Divds. unpaid	150,479	150,538
Capital	6,000,000	6,000,000
Rest	12,000,000	10,000,000
Undivid. profits	860,530	2,495,800
Total liabs.	215,636,066	182,226,002

Honey Dew To Change Name

Form Holding Company to Allow Broadening of Operations

Honey Dew Ltd. proposes to change its function from an operating to a holding company, and to change its name to Canadian Food Products Ltd. The present business would be sold to a wholly owned subsidiary, Honey Dew Co. Ltd. Upon completion of this transaction, Canadian Food Products Ltd. would have initially two wholly owned subsidiaries—Honey Dew Co. Ltd. and Industrial Food Services Ltd. The change is being made in view of the company's entry into the field of industrial nutrition and to facilitate entry in the future into other allied lines of business.

New Subsidiary

Honey Dew Ltd., in June, 1942, purchased through a subsidiary a company now known as Industrial Food Services Ltd., supplying food and refreshments at industrial plants mainly war plants. This company is conducting operations at 15 plants with the prospect officially said to be that several more will be added in the near future.

Postwar Possibilities

E. P. Taylor, president, states that industrial nutrition is playing a vital role in the war effort and the company is ably equipped to manage such an enterprise, which is expected to have permanent postwar possibilities. While the accounts of Industrial Food Services are not consolidated in the parent company's statement, Mr. Taylor states that operations showed a small profit during the year after absorbing the expenses incidental to the development of a new business.

Progressive Conservative Platform : Reconstruction

Design for Canada's Future

Plank Reflects Broad Interest in Postwar Conditions

By ROBERT C. STARK

This is the second article of a series dealing with the seven planks of the Progressive Conservative platform. These articles will discuss the individual clauses that make up each plank. They are presented to show differing Conservative and Liberal philosophies, and to give a clear impression of a document whose economic importance may be as great as its political signiifcance.

Reflecting the intense interest of most Canadians in postwar problems is the reconstruction plank of the Progressive Conservative party.

This 20-clause plank, broadest of the whole platform, is based largely on the philosophy expressed at Port Hope, some phrases being lifted verbatim.

Reprinted here in black face type are verbatim clauses from the new platform.

First three clauses of the reconstruction plank are:

● Every person able and willing to work must be assured of gainful occupation with sufficient means to maintain a home and family. The objective is full employment at fair wages under progressively improving standards. We oppose relief as a substitute for work.

● For the achievement of that objective — full employment at fair wages under progressively improving standards—and for the welfare and development of society, we strongly advocate the strengthening of the basic Canadian tradition of individual initiative and individual enterprise and opportunity, and the freeing of economic activities from bureaucratic controls. Government authority, however, should be maintained and exercised wherever necessary to protect primary producers, workers and consumers from exploitation through such abuses as price-fixing combines, monopolies and patent cartels. To those ends we believe that government should seek to create conditions under which the maximum volume of employment and the maximum national income may be assured through the initiative and enterprise of the people themselves.

● It is the duty of the state:

(a) To maintain at high level the income and standard of living of the individual citizen whose interests must always be paramount.

(b) To maintain the principle of private initiative and enterprise.

(c) To initiate, undertake and control projects of public and national benefit in those fields in which private enterprise is precluded from serving or is unable to serve the public interest.

These clauses reflect an economic theory of which Professor Alvin Hansen and John Maynard Keynes are the most prominent exponents. Full employment is generally regarded as a condition necessary for an improved postwar world and this theory maintains that it is possible through state intervention to eliminate cyclical unemployment. The Progressive Conservative plank also reflects the economists' tenet that the role of the state in arriving at full employment should be kept as small as possible, that private investment should be fostered rather than that from the public treasury.

Clause 3 (c) indicates the Conservative idea of the proper field for public investment to help take up any gap that might be left by private investment. This clause lacks the specific nature of the Port Hope declaration:

"Measures to provide economic security must all be made part of a federal plan involving policies of credit expansion and control and policies which will have the effect of inducing private enterprise to undertake capital developments in time of depression. Typical of such development would be the building of water, air and highway transportation systems, the encouragement of mining developments, public recreation projects, reforestation, conservation and irrigation schemes, co-operative weed clearance on public and private lands in agricultural areas, flood control, water storage plans and similar undertakings."

In any plans along these lines there are some obvious dangers. The most immediate is that heavy public expenditures might become frozen into uneconomic enterprises in the public building field; government spending in some directions instead of encouraging private investment might tend to frighten it away; widespread extension of a public investment programme might burgeon into a control of all business bordering on the totalitarian.

Less theoretical is that a wide-scale reconstruction plan might well encounter the same fate as the "New Deal" of the Bennett Conservative regime — that of provincial opposition. Without provincial co-operation the constitutional angle would play a very large part in formulating any definite postwar reconstruction policy.

The Progressive Conservative expression of opinion on monopolies finds a close parallel in this recent statement by Prime Minister King:

"To have nationality and industry serve humanity, an end must be put to monopoly of power by any country and by any class. In both, there must be government by consent. In the state and industry, control should be broadly representative and not narrowly autocratic. In the new order, economic freedom will be as important as political freedom.

"The war has shown us that the way of monopoly, of unrestricted power, whether political or economic, is a way that leads to destruction, desolation and death."

● Consideration should be given to the problems of the workers-on-their-own who comprise a large percentage of the people of this country and who lack the benefit of organization to protect their interests—the small retail merchant, the man or woman in services of various kinds, such as the carter, truck driver and taximan, the odd-jobber, the handyman and salesman on commission. Recognition must be given to their enterprise and initiative and to their threatened security and a way found by properly constituted authority to protect their interests as essential workers, consumers and taxpayers.

In this regard the Liberal administration can point out that special divisions of the Wartime Prices and Trade Board have been set up to help the small merchant work out his wartime problems. One practical difficulty appears to be that one who works on his own likes to stay that way. This has been indicated by recent attempts to get small retailers together in a limited area to curtail hours of store operation. Even in such a narrow field these attempts have generally met with small success.

● We advocate the appointment of a Minister of Social Security and Reconstruction, charged with the administration of social security in this country.

At the present time there is a Committee on Reconstruction, chairman of which is Dr. Cyril James, who is not elected and does not have cabinet rank. Administration of other Canadian social services is spread throughout Dominion, provincial and municipal organizations. So far as the Dominion is concerned, unemployment relief is under the Department of Labor; old age pensions the Department of Finance; war veterans' allowances, medical care and other welfare services for veterans come under the Department of Pensions and National Health; social services for Indians are administered by the Department of Mines and Resources.

● We recognize the obligation of government to make available to every citizen adequate medical, dental, nursing and prenatal care, and the further advancement of public health and nutritional principles so that health may be safeguarded and preserved. This programme is to be financed under a contributory system supplemented by government assistance.

For some time past the Liberal administration has been working on a health insurance scheme, details of which are not yet publicly known. This month a nationwide nutrition campaign is starting under the direction of the Department of Pensions and National Health.

● Believing home ownership to be a solid foundation of our social and economic system, we advocate a national long-range, low-cost housing plan, including home improvement, underwritten by government, designed to make houses available on a lease-purchase basis to all families, whether urban or rural, who are in the lower income brackets.

Slum clearance because of its social benefits and employment possibilities, should be undertaken as a government responsibility, in order to provide housing on a minimum-cost basis, for those unable to pay the full cost.

For some years past assistance for financing home construction has been available through the National Housing Act. At present, homes for war workers in congested areas are being constructed by Wartime Housing Ltd. What slum clearance there has been, has been largely carried out by the municipalities. The municipal tax situation also has a part to play in developing low-cost housing projects.

● We believe that a peace that is worth fighting for is worth preserving. We are opposed to the isolationist view that Canada can remain a world force, continue as a great trading country in the world and yet remain isolated from international policies that make for peace and war.

There appears to be little in the clause divergent from the expressed Liberal viewpoint though considerably different from Mr. King's actions over the past couple of decades. Mr. King has declared that the postwar order must be governed by a universal rule of law. Speaking of the United Nations he has said:

"We are learning that to preserve our common heritage we must help each other all we can, wherever the need is apparent, as soon and as much as we can."

● We endorse the aims expressed in the Atlantic Charter and believe that Canada should join in the setting up of effective international measures to give them practical application correcting trade barriers, with a view to making the world's resources available without discrimination for the satisfaction of human needs.

We believe that the guiding principles of Canadian tariff policy should be:

(a) To provide gainful occupation.

(b) To maintain a high standard of living.

(c) To ensure a fair price to the consumer.

Early last month it was revealed that an exchange of notes had taken place between U. S. Secretary of State Hull and Leighton McCarthy, Canadian Minister to Washington. The accord reached was officially described as "an agreement setting forth the principles which will guide the governments of the United States and Canada in approaching the problem of postwar economic settlements."

The programme on which the United States and Canada have undertaken to co-operate, after the war, aims, among other things, at reducing tariffs and other trade barriers between them, at eliminating all forms of discriminatory treatment in international commerce, and "generally to attain the economic objectives of the Atlantic Charter."

● The five-part immigration clause briefly favors a policy of allowing increased immigration with preference being given those whose political background, intelligence and love of freedom are likely to fit them for a democracy such as that of Canada.

International and economic upsets of the past few years have tended to work against a comprehensive immigration policy for Canada.

War and Business . . . .

War Sinews From Africa

Arrangements have now been made for the allocation of North Africa's export raw materials. The United Kingdom will get most of the iron-ore and pyrites, phosphate rock and superphosphates, zinc ore and concentrates and lead bullion and ore. To the United States will go manganese, cobalt ore and cork

High grade iron-ore will greatly help Britain's steel production. The phosphates are wanted for boosting agricultural production.

Through the use of superphosphates, Great Britain has been able to increase domestic food production from a prewar 40% of current needs to 60% today.

Incidentally French North Africa is the world's second largest producer of phosphate rock (United States is first) with an average prewar production of more than 4 million tons. It also produces one fifth of the total world supply of cork. Normal production of iron-ore is approximately three million tons. Other items are produced in small but substantial quantities.

* * *

Britain's Altered Diet

Just how serious is Britain's food rationing is indicated by recent reports of "Christmas Cheer" from the Old Country. One of London's largest hotels normally served between 500 and 750 turkeys during Christmas week. This year it got less than 25. The kitchens of another hotel used to use over 9,000 eggs, 700 lb. sugar, 392 lb. of butter and 40 gallons of cream during the festive season. This year less than 80 eggs were secured, 180 lb. of sugar, 77 lb. of butter and no cream.

Before the war an average bottle of whisky cost a Britisher approximately $2.75. Today the same bottle if you can get it, costs him $5.06 of which $3.52 goes to the exchequer in direct taxation. Christmas travel in 1938 required the services of 2,500 extra passenger trains in the Old Country. This year there were no extras at all, and 30% less than prewar normal service had to handle the job.

* * *

Importers' Headache

Added to the usual importer's difficulty in wartime has been an outbreak of pilfering in transit, The Financial Post hears. Many boxes of goods arriving in Canada from the old country, it is stated, apparently have been opened after leaving the factory and some of the contents stolen.

In other instances there has been wilful damage for no apparent reason.

The trouble is due, it is supposed, to the fact that often these goods lie on open, bomb damaged platforms or in poorly guarded storage before they are loaded on the boats in the Old Country and, of course, inevitable delays in wartime shipping increase the normal hazard. Until recently there has been very little loss reported by Canadian importers although there was continual pilfering in the first Great War, when conditions were not so upset.

Investor's Index

Jan. 2, 1943

Bk. of Toronto . 2
Bathurst P. & P. 13
Canada Malting . 13
Can. Industries . 13
Candn. Vickers . 4
Can. W. Lumber 13
C. P. R. 1
Consol. Paper . . 13
Ford of Canada . 18
Honey Dew . 2, 17
Second C. I. I. . 17
South. Can. Pwr. 13

MINES AND OILS
Home Oil 18
Spud Valley . . . 18
Inter. Nickel . . 1

REGULAR FEATURES
Banking 8
Bonds 4, 5
Bond Quotations 16
Business, Week in 7
Commodities 17
Editorial 6
Income Tax Queries 9
Insurance 15
Investment Page 4
Enquiry Letters 13
Stock Quotations 16
Mining Pages 18, 19
Mining Quotations 16
Oil Page 18
Oil Quotations 16
Royalty Offerings 16
Pulp and Paper 12
War Regulations 13
Wheat Page 17
Wheat Prices 17

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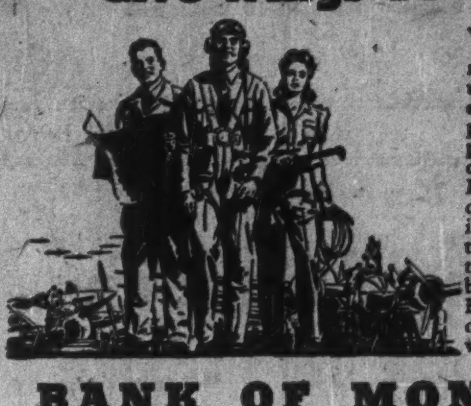

OUR *Fighting* WORKERS
Give Wings To Victory

Workers and management, heroically speeding up the number of bombers, fighters and pursuit planes, are playing their part in the battle of production to bring victory. May the flow of war machines keep ever mounting until the United Nations have achieved victory. Through hundreds of branches across Canada the Bank of Montreal is co-operating with war-time workers and industries

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"A Bank Where Small Accounts Are Welcome"
Modern, Experienced Banking Service . . . the Outcome of 125 Years' Successful Operation
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Significant Investors' Index Numbers

No. of Securities	Mach and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's 95
(Base 1935-39=100)												
*1935 to date:												
High	134.5	234.4	149.7	123.7	135.7	118.3	128.3	153.4	146.8	118.2	145.0	134.1
Low	69.7	51.6	61.2	41.2	78.4	73.5	79.3	68.7	60.2	69.0	65.2	61.1
1942: Monthly Figures:												
Jan.	74.3	71.9	74.5	45.9	112.8	88.7	99.2	75.1	64.4	91.1	70.4	58.8
Feb.	73.4	69.3	69.7	43.6	108.7	85.5	96.3	73.9	62.1	91.1	67.7	64.7
Mar.	69.7	66.1	70.9	41.2	104.3	75.8	92.8	74.0	62.0	89.4	67.5	62.3
Apr.	70.6	63.2	69.6	41.4	102.4	74.2	93.1	73.9	60.2	88.4	66.3	61.1
May	74.7	61.1	70.5	43.2	104.3	73.5	94.2	75.7	60.7	87.4	66.4	62.9
June	76.2	61.1	69.6	44.5	106.6	73.9	93.6	76.8	64.3	87.7	68.1	62.8
July	76.6	58.9	65.3	46.6	100.4	75.9	95.5	75.3	65.2	81.7	67.8	62.4
Aug.	76.0	56.0	61.2	47.5	97.7	75.3	96.3	73.1	66.9	71.9	67.3	61.6
Sept.	77.9	55.9	62.0	49.0	99.8	74.2	98.7	71.2	67.1	69.0	69.2	62.6
Oct.	80.3	57.8	64.9	51.0	99.6	74.0	98.9	70.8	67.9	70.3	72.0	65.0
Nov.	82.5	62.6	72.3	53.7	101.6	77.1	105.3	74.9	72.1	72.3	77.6	67.8
1942: Weekly Figures:												
Dec. 3	84.3	66.3	79.3	55.4	104.1	82.3	108.8	78.9	77.9	74.1	82.0	69.5
Dec. 10	85.6	67.0	85.3	55.2	109.1	83.7	108.9	77.8	76.8	73.9	80.8	69.3
Dec. 17	86.3	72.1	80.8	55.7	108.7	81.5	107.7	78.8	81.2	74.1	84.5	70.9
Dec. 24	87.0	73.1	80.8	59.8	108.6	81.8	106.2	81.1	82.2	74.6	85.1	72.4

*High and low for years from 1935 to date inclusive are based on weekly figures issued by Dominon Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Dec. 29	98.23	68.60	62.67	18.08
Dec. 28	98.51	68.90	62.90	18.12
Dec. 26	Holiday			
Dec. 25	Holiday			
Dec. 24	98.87	67.53	63.21	18.04
Dec. 23	98.44	66.89	62.79	17.93
Month ago	93.67	64.40	62.43	16.73
Year ago	92.77	81.88	68.52	18.51
High 1942	98.28	83.71	71.01	18.86
Low 1942	79.85	50.16	58.74	15.44

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Dec. 29	50.9	63.7	59.4	73.28	48.03
Dec. 28	50.9	64.1	59.7	75.46	47.39
Dec. 26	Holiday				
Dec. 25	Holiday				
Dec. 24	51.3	64.1	59.8	75.91	46.95
Dec. 23	51.2	63.9	59.7	74.83	46.96
Month ago	47.6	60.4	56.2	63.11	47.07
Year ago	41.7	60.1	54.0	74.06	53.94
High 1942	51.3	64.1	59.8	77.18	54.83
Low 1942	39.6	53.5	49.8	47.98	33.47

in MONTREAL

Montreal Industrial and Economic Bureau is the logical agency through which may best be planned the establishment of new industries in the metropolis of Canada. It is equipped to render both diligent and effective service.

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DOMINION SQUARE BUILDING
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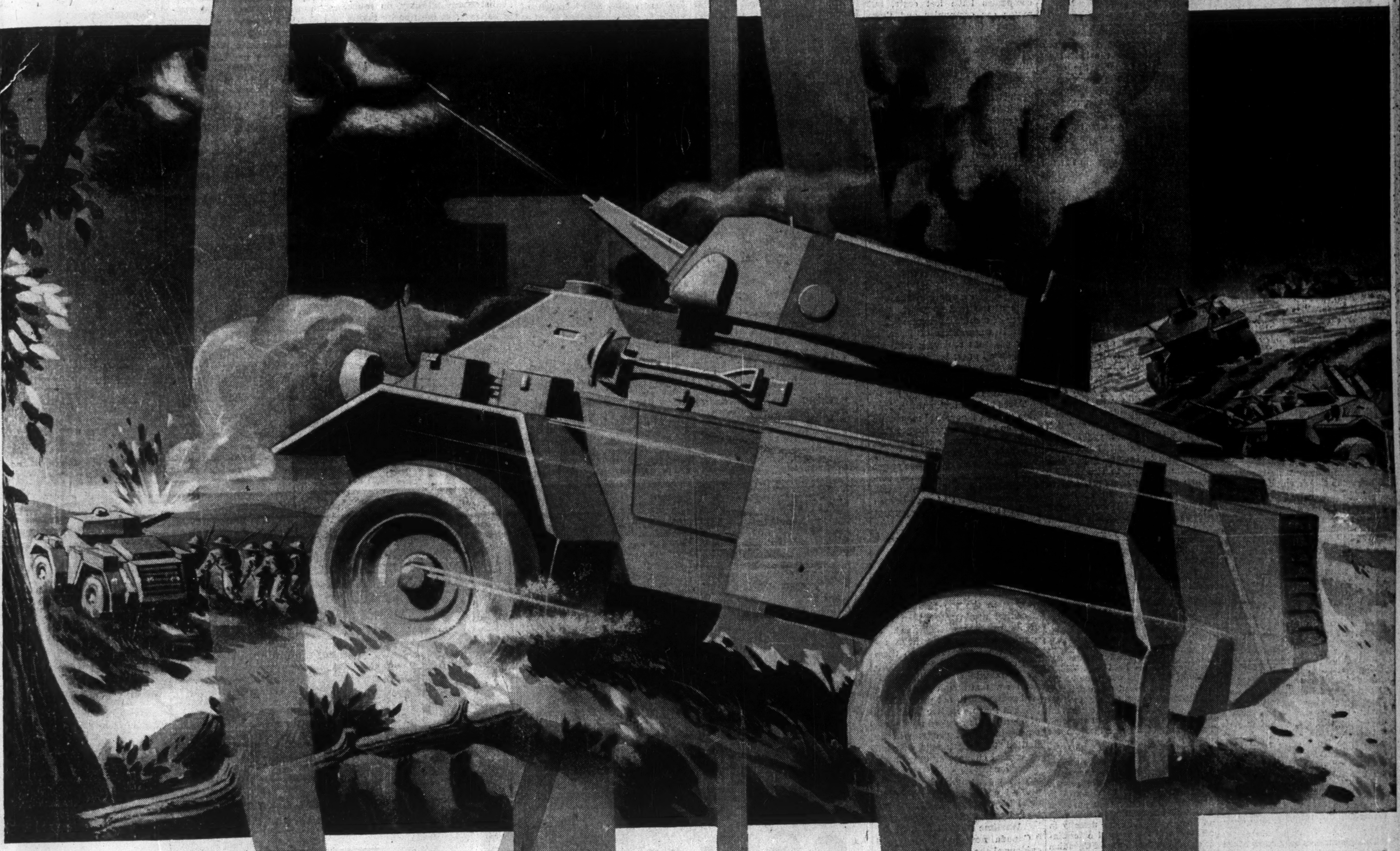

War today is grim business. The fighting men go away, but not with a fanfare . . . not with drums and flags. They roll by in armoured vehicles. They rumble by in tanks. They roar into the air in planes. Great industries must run at full speed to keep them moving . . . to protect them . . . to give them power of attack. The men and women of General Motors in Canada work with a fighting spirit. Their skill, their energy, their stamina, go into the battle . . . *for Victory is their business.* Already Canadian-built GM war products are serving in every theatre of war. There will be more and more and more, until the grim struggle is finished and peace brings with it a new title deed to freedom.

GENERAL MOTORS OF CANADA LIMITED

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GENERAL MOTORS

The Year Ahead — Stocks

Markets Start Strong in 1943

Timing of Victory Likely the Major New Factor of Year

By ARTHUR D. ELLWOOD

A year ago it would have been a bold stock market forecaster who could have stated that stocks were due to rise to any important extent.

But in spite of the generally bleak outlook, substantial rises did take place and the year-end finds major stock price indices a good deal higher. Notable gains have been made in such groups as machinery and equipment, milling, oils, transportation and electric power.

This year the outlook opens on a more favorable note and it seems a fairly safe guess that stock prices a year from now will be higher than they are at present.

Many factors will influence the market moves in the coming year, largely continuations of the wartime influences which have been so important for the past three years or more.

More important of these can be mentioned as:

1. **War News**—a factor which this year is likely to take increasing note of a possible early and victorious ending of the war.

2. **Taxes**—always important to company earnings and investor income, have probably reached near-peak levels in this country and have also placed an effective ceiling on profits.

3. **Wartime Controls**—We have seen many changes in our way of doing things forced on us by the war. This year is going to see a continuation of this trend with probabilities favoring more rationing for the consumer, more shifts from peacetime to wartime work, and growing scarcity of everyday articles.

4. **Trend of Earnings and Company Assets**—With a practical ceiling on profits enforced by the wartime tax policy, companies able to maintain good volume of business are still permitted to make money and pay dividends. At the same time substantial assets are being built up and investors may become more interested in assets, or potential earning power, than in immediate profits.

A host of other factors should be mentioned, among them inflation, interest rates, available investing power and the influence of outside markets such as New York and London. All of these will play their part.

War To Continue

Certain assumptions have to be made in discussing the outlook for the stock market in 1943. Most important of these is the probable duration of the war and, as few military experts suggest anything else, it is assumed that the war will still be raging a year from now. In the event that it should end in the meantime a new set of influences would at once become strong but such things can only be estimated as they develop.

It is true that stock markets have generally followed the pattern taken by Allied fortunes in the war since Aug., 1939. They may not always have seen very far ahead what was likely to happen, notably in the spring of 1940 when there was little hint given by stock markets that the debacle in Europe would come as it actually did.

Discounting War News

But stocks did discount what happened and appraised the tremendous task ahead from the standpoint of conditions in June, 1940. They foresaw a long, hard war; a war that was going to require a tremendously greater effort for victory than any felt possible in its first year. They suggested an extended period of adjustment to increasingly severe wartime controls, to taxation far above anything previous, and to an ever-growing shift of industry's capacity and labor from the accustomed tasks to an all-out war effort.

Now conditions have changed. We have had for some time visible evidence that we have started to win — although no evidence that we can finish the job soon. This has improved the general psychology of investors, has given them a more hopeful outlook, and has played an important part in bringing about the notable price improvements of the past few months.

Post-war Thoughts

More than this it has brought a much greater tendency to calculate what might happen after the war. In New York particularly there has been a shift of investor favor away from stocks preponderantly "war babies" to those considered to have a more promising peacetime future. Aircraft companies, shipbuilding and steel companies have lost caste, but motor car companies and those making the many household gadgets now disappearing from the market have come to the front.

During the coming year this tendency to attempt to hedge against the war's end is likely to continue and to win wider acceptance in Canada.

Investors can readily see that the longer the war lasts, the greater will be the immediate replacement market for automobiles, for radios, for electrical equipment of all kinds. No more of these are being made and those now in use are wearing out. At the same time technical progress continues and we find the optimists looking for a new era of some indefinite kind perhaps a "plastic age" to take the place of the "automobile age" which contributed so much to the progress of the past 40 years. This factor of technical progress brings with it suggestions of risks, of new products replacing formerly established ones; bringing with it the chance that new favorites will arise.

Taxes Limit Earnings

Taxes in 1942 took another long step toward theoretical maximum rates so far as companies are concerned. With an excess profits tax rate reaching 100%, less a 20% post-war refund, there seems little opportunity to make further increases, a forecast which receives support from British action in 1942 when no important changes were made in a tax rate which had then hit the 100% EPT rate.

But a more important influence of taxation in 1943 is going to be the imposition of a virtual ceiling on company profits. If a company is in the top EPT bracket it cannot retain more than 70% of its pre-war average net. A number of companies have reported what this means to them and in each case it suggests ability to maintain prevailing dividend rates although imposing a real reduction in net profits. The point is that no matter what rate of operation is reached next year, any gain in net profits will be limited to adjustments affected by capital changes or other basic alterations.

This makes unlikely any important number of wartime dividend increases and holds the potential threat of some decreases.

Wartime Control Pattern

Canada now has pretty well evidenced the pattern of wartime controls, a pattern undoubtedly going to be carried further in 1943. It will assist those companies primarily turning out war materials—the steel companies, textiles, meat packers, motor car companies and electric manufacturers, to mention only a few.

On the other hand it will also mean growing embarrassment to other groups which cannot switch to war work so readily. It is hard to see, for example, where retail or wholesale organizations can expect anything but a difficult year in 1943. The supply of goods available will be reduced as inventories are depleted, an operation which the Christmas trade carried a long way. Their labor supply will be whittled but an offsetting factor will be continued high general level of consumer buying power providing demand for whatever can be found to stock their shelves. They will feel the squeeze of rising costs operating against a frozen selling price.

Outside Influences

Outside markets will continue to exercise an influence on the course taken by markets in Canada but this is hardly as potent as it used to be in the days when free arbitrage was possible between Canada, New York and London. At the same time Canadian stock markets will take much of their cue from these two larger centres which themselves will move in sympathy with war developments. There seems good reason to expect that both New York and London will exercise a constructive influence, carrying on with the more optimistic note evident in recent weeks.

Inflation used to be the subject of much discussion on the part of investors but over the past year or so this factor in market action seems to have lost much of its power. It may be that investors have become accustomed to the ever-present threat of inflation in wartime and are ignoring it, or that they are developing a growing confidence in the efficacy of steps taken to combat this destructive force.

It may be that Canada's national income reached an all-time peak toward the end of 1942 and that little or no further gains are possible due to approaching full employment of labor, materials and machines. But the country's national income and over-all industrial activity should be well maintained in 1943. It should leave a substantial margin for investment. How much of this will be used in the stock market is hard to forecast but some of it is likely to find its way into that channel. Next year Canada will find increasing shortages of the everyday items into which much of this excess income might go. Most of it will be used to buy Victory bonds but perhaps not all of it, a forecast supported by actual experience in Great Britain where closely parallel conditions have prevailed for the past year or more. This has been a recognized factor in the continued strength in London stock markets for some time past.

It has already been mentioned that there is little opportunity for dividend rates to rise while the war lasts and that in fact some decline should be expected. But attention should be drawn to trends noticeable in the study of corporate earnings published recently by the Bank of Canada and reviewed in The Financial Post. This showed that retained surplus was growing and that companies were not paying out nearly all their earnings in dividends. It showed, moreover, that debt was being reduced, two factors making for greater strength.

This means that investors today may well pay more attention to buying assets than buying immediate income when they enter the stock market. They should pay greater attention to future position and be content to wait for the dividend return.

This suggestion finds another outlet in the fact that capital appreciation is tax free in Canada where dividends are taxed very heavily. Thus the investor with available capital may do much to improve his position by taking advantage of opportunities to invest for capital gains, ignoring immediate dividend income.

The conclusion is that stock markets face a more favorable year in 1943 than they faced a year ago. It does not mean uninterrupted upward moves but that the main trend is toward higher prices. It does not ignore the likelihood of reaction which may reach substantial proportions and does not recommend that investors rush at once into the market and buy stocks at what may prove to be one of the later stages of a relatively long term intermediate upward move. It does mean, however, that emphasis should be upon constructive moves in 1943 and that more attention should be paid to looking for buying opportunities than the average investor has done since the war started.

The Shareholder

Forecasts by outstanding Canadian businessmen printed in this issue merit careful **reading by all investors** to help plan their **own policies.**

From them it can be gathered, for example, that most sections of the pulp and paper industry will do well to hold their own in 1943, and that lower profits can be expected even allowing for a possible increase in newsprint and paper prices. It can be gathered also that similar situations face other industrial groups. The liquor companies are now switched wholly to war work and are being required to ration their inventories, factors likely to result in generally lower earnings in 1943.

Makers of practically all classes of equipment going directly or indirectly into war work look for continued high rate of output, although these high output records are unlikely to do more than permit maintenance of earnings, if they do not leave some declines. At the same time the picture for 1943 is one of relatively less uncertainty than a year ago, particularly in respect to our conversion from peace to war products. There is reason to expect that tinkering with taxes in Canada this year may be less confusing and distracting than in other war years.

This summarizes only a few of the features entering into the outlook for securities in 1943 but it should suggest some of the directions which the average investor's study can take.

* * *

A feature of wartime stock markets continues to be reluctance to place an optimistic interpretation on expected or actual high earnings. Wartime profits are regarded as fleeting and not something which can be counted on to repeat. Examples are not hard to find. Even after what has actually been a substantial price rise in most cases, stocks can be bought at prices which are barely equivalent to earnings per share. Others may capitalize most recent earnings up to 10 times, but this seems rare.

Beatty Bros. recently reported net profits equivalent to $14.33 a share on its class A common, yet this stock can still be bought for $15 a share. Canadian Pacific Railway ordinary shares are quoted around $8 a share, or about 3½ times estimated 1942 earnings of $2.35 a share. Aluminium Ltd. shares are high priced and currently quoted around $107. This company earned $8.38 a share in the first half of 1942 and, if this rate is maintained, would report about $17 a share for the full year. The prevailing price discounts this at about a six times basis.

General Steel Wares is expected to earn somewhat more in 1942 than it did in 1941 and might reach $1 a share. The current price on the common of about $8.50 a share capitalizes this at what seems to be the relatively high rate of 8½ times. Bell Telephone Co. of Canada last year earned $8.77 a share and, if it maintained this rate of earnings in 1942, the current price of $140 a share would be capitalizing net profits about 16 times, an unusually high rate under wartime conditions.

The Bondholder

Holiday week bond trading was definitely on the light side. Widest move of any group was made by the papers, which eased off a point or so. Immediate reason for the decline was a New York story that tended to throw some cold water on recent talk of a price increase for newsprint.

The New York source claimed that publishing circles there profess no knowledge of a price increase in the making, and that the reports from Canada could be assumed to be more of a feeler than anything else. The comment adds that such an increase would come directly in conflict with the avowed determination of both the U. S. and Canadian governments to avoid inflationary price rises, and it is likely that final word will come only after the considered examination of the situation by Ottawa and Washington.

* * *

Canadian Vickers 6's have tightened a couple of points to 99 bid. Reason offered for the improvement is approach of the Feb. 1 interest due date. Last payment on these bonds was made Aug. 1, 1942, when the coupon due at that time, along with the coupon due Aug. 1, 1939, plus accrued interest at 6%, was paid. The current quotation on the bonds is a couple of points better than that before the August payment.

* * *

Dominion 5's of 1952 continue to be the subject of much speculation—this over the possible date of their refunding. The bonds are callable at par on 60 days' notice and are currently selling in New York at around 101. Some Canadian bond men feel that they will be called within the next few weeks and be replaced by an issue possibly bearing a 3¼% coupon. The Wall Street Journal gives an American viewpoint:

"Experts point out that the next few months may present an excellent opportunity for the Dominion of Canada to embark on a refunding operation affecting the roughly $100 millions of 5's, 1952, outstanding in this country. For one thing, Canada's bonds, including government-guaranteed railway issues, currently are reflecting increased popularity with investors in the United States, and prevailing quotations on most issues are around their best levels since outbreak of the war in Sept., 1939. Emphasis is also placed on the fact that neither Canada nor the United States will have Victory Loan campaigns actively under way until March or later."

A Logical Recovery

December issue of our Notes on Securities discusses factors underlying current improvement in market values. Special reference made to Maclaren Power & Paper, Dominion Tar, Famous Players, Provincial Transport.

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WHERE MEN AND WOMEN SMASH PRODUCTION RECORDS

Fighters on the Canadian Home Front, men and women of CANCAR are doing a full-time production job of which they may well be proud. Their ever-mounting output is aimed for Victory!

(Below) **TYPICAL OF CANCAR SPIRIT** is the smiling group of foundrymen taking time out for a breather from their strenuous and vital labours.

LIEUT. ANDRE MARCIL, R.C.N.V.R., home on leave from Murmansk and Mediterranean convoy duty, congratulates workers at Point St. Charles Plant after an address in which he demonstrated many of the active service uses of products made in CANCAR plants.

WOMEN WAR WORKERS at one of CANCAR's Aircraft Division Plants swing into action with a will that bodes ill for the Axis. These women perform many intricate operations with ever-increasing efficiency.

THE PLANT COUNCIL at CANCAR's Propeller Division keeps the wheels of production turning smoothly. Labour and Management are proud of the job they are doing.

(Right) **THE OLD SHELL GAME** with the Axis on the loser's end. Two expert players at one of CANCAR's Plants.

(Below) **ON THEIR WAY** to war: steel billets take their first step towards becoming shell casings as they are cut to length in endless series.

(Above) **TIME OUT** for lunch in a typical sunny CANCAR cafeteria.

(Left) **WOMEN WORKERS** play a big part in building wings, one of the many war jobs in which CANCAR is specializing.

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PLANTS: MONTREAL • FORT WILLIAM • BRANTFORD • AMHERST

The Year Ahead — Bonds

A Million New Bondholders

1942 War Financing Gives Canadians Future Nest Egg

By ROBERT C. STARK

Probably at no time in Canada's history have there been more bond investors than there are now. The Second Victory Loan in March, 1942, was distributed among almost 1.7 million subscribers. The Third Victory Loan, in November, was taken up by more than 1.8 million subscribers.

It is reasonable to assume that there are over a million Canadians, who now hold Dominion bonds, who were unfamiliar with bond investment before the war.

The wide distribution of victory loans has major postwar significance, since it gives a large number of Canadians a nest egg.

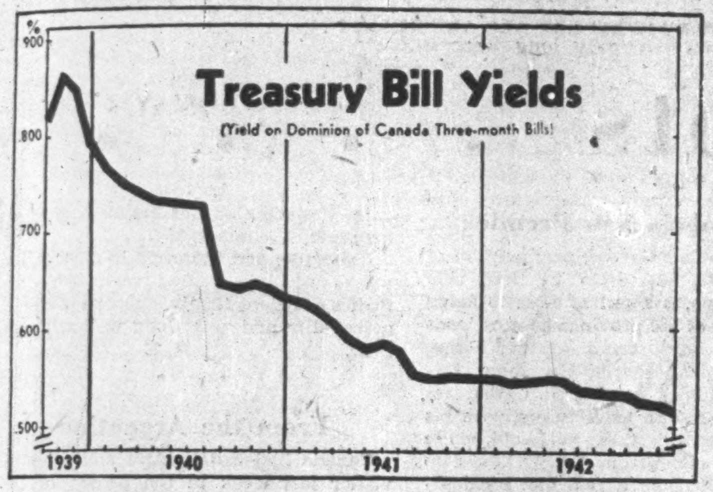


Chart by The Financial Post

Almost since the outbreak of war the cost of Dominion treasury bill financing has shown a steady and substantial decline. This easiness in short term money reflects the heavy volume of funds which has been available through lack of more profitable investment channels and the inability to translate depreciation reserves into machinery and equipment because of priorities and other restrictions.

From the economic standpoint, it also gives them a tangible stake in their system of government.

Prices Steady

Prices of high-grade bonds during 1942 held steady, with investment demand sufficiently active to minimize any needed support by the Bank of Canada. Short-term money continued easy, with the yields on Dominion treasury bills continuing the easier trend established almost since the start of the war.

Dominion war financing, of course, occupied the premier place in the 1942 bond market. The two victory loans meant raising almost $2 billions while short-term financing brought this total for the year up to over $4.2 billions, which compares with around $2.4 billions for the same period of 1941.

Provincial bonds generally showed a fair capital appreciation during 1942. Some of the best market performances were put up by the bonds of the prairie provinces, where increased industrial activity and improved crop conditions have brought marked recovery.

The provinces have been using their high wartime revenues to reduce funded debt outstanding and put their finances on a more solid basis. For the current fiscal year most provinces are budgeting for a surplus lower than that of 1941-42.

This is due in part to the fact that no expansion will be possible in revenues from personal and corporation income taxes, which have been turned over to the Dominion, while war conditions have put an effective ceiling on gasoline, automobile license and liquor revenues.

Revenue Guarantees

However, the revenue guarantees to the provinces under the Dominion - Provincial taxation agreement virtually mean guarantees of their debt service. The uncertainties of war's influence on the general level of provincial revenues are therefore largely eliminated.

Provincial financing is being confined to refunding, leaving the new money markets open for war financing.

A continuing high rate of business activity has meant a general improvement in municipal finances. Tax arrears have been slashed, the list of defaulted municipalities has been reduced and outstanding funded debts have been cut. The general picture is one of an improved debt structure which should help to meet whatever new conditions the postwar days bring.

The municipal story is not one of unblemished prosperity, however. Establishment of sprawling new war industries has meant to many municipalities a large extension of services. In some cases these services have to be provided to crown companies, which are not taxable. War swollen populations have not only created an immediate and serious housing shortage in many localities but have also brought some postwar worries.

Some municipal heads are wondering what their relief rolls are going to look like when the war ends and munitions makers will presumably discharge many employees. Planning to take up this anticipated slack is taking an important place in discussions of municipal officials these days.

New Financing

The volume of new corporate bond financing was low during 1942. With this lack of new issues and with investment money overflowing from the low coupon government securities into corporation bonds that had already proved themselves under wartime conditions, at the same time offered an attractive yield, there was a continuing good demand for corporation bonds. This has been reflected in quotations on such bonds, the average price being somewhat higher than a year ago.

A cross-section of the active corporate bond group is given in the following table:

	Approximate Bid Dec. 22, 1942	Dec. 23, 1941
Gatineau, 5/49	101	100½
Winnipeg Elec., A, 5/65	92	80
Abitibi, 5/53	58	73½
Burns, 5/58	77	71
Can. Vickers, 6/47	97	89
Cons. Paper, 5½/61	67	78
Maple Leaf Mill., 3/58	94½	77½
Federal Grain, 6/49	106	102
B. C. Pulp, 6/50	88	92½
Dom. Woollens, 6/53	98	96½
Union Gas, 4½/50	96	102½
E. L. Ruddy, 6½/48	78½	101½
Western Grain, 6/49	71½	66
Algoma Steel, 5/48	103	102
Gypsum, Lime, 5½/48	103	102½
Twin City, 5½/52	95½	71½

While this table shows the generally higher trend of prices it also definitely establishes that there was no lack of discrimination among bond buyers. Wartime conditions have tempered buying enthusiasm for some bonds.

This arbitrarily selected list is of a sufficiently broad scope to show some of the differing trends that prevailed during 1942 not only in the corporation bond market as a whole but also within separate groups of the market. For instance in the utility section Gatineaus have been steady with little basic change in their situation; Winnipeg Electrics have been strong in company with the higher power demand from this company; Twin City Rapid Transits have also been strong, reflecting increased use of urban transit facilities. On the other hand Union Gas bonds have eased on a change in the company's marketing situation.

Newsprint bonds are lower owing to reduced production. E. L. Ruddy bonds are something of a war casualty with power conservation needs forcing electric sign dim-outs. Food issues, grain and milling bonds have tended to improve under continued heavy demand for the products of these companies. Bonds representing the heavy industries have generally held at a high level or improved their market position.

The underlying position of most corporation bonds was further strengthened during 1942. Earnings available for bond interest were generally well above requirements, giving bondholders a substantial margin of coverage. Most companies have been following a policy of reducing their outstanding funded debt, this being a trend that has been in effect since the beginning of the war and which, in many cases, has brought about a substantial reduction in company indebtedness with a corresponding improvement in bondholders' equity. An improvement in equity of from 15 to 20% over the three-year wartime period is a commonplace in the corporation bond list.

In most cases corporate funds earmarked for depreciation reserve cannot be translated into new machinery to replace that which is nearing the obsolete stage or has been brought nearer that stage through increased wartime use. This increased liquidity has made more funds available for bond redemption which in turn leaves the companies with an easier load of fixed charges to meet postwar conditions.

For 1943 the general pattern for the investor in Canadian bonds does not presently shape up as likely to be greatly different from that of the year just past. Small doubt exists that government war financing will continue to occupy the predominant, if not the sole place in the new money market, with other financing being for refunding purposes.

Narrow Field

At the same time the fact that the only new issues available for the investor are government loans bearing only 3% interest and less poses another problem. To many corporations and individuals who customarily have substantial bond holdings in their investment portfolios a 3% yield means a sizable reduction from the normal level. This necessity of maintaining income entails a continuing search for issues offering a higher yield. Thus, demand seems likely to continue for the better grade provincial, municipal and corporation bonds which have been tested under wartime conditions.

Capital Appreciation

Many such bonds, however, during the past two or three years have had a very marked capital appreciation so that now they are a good distance removed from the bargain counter. In a few cases in the corporation bond section the chances of further capital appreciation are enhanced by the possibilities of lump sum payments on account of accumulated interest arrears.

Generally speaking, the capital appreciation that has already taken place has tended to change the accent of current bond buying. There appear to be fewer chances for capital appreciation in the bond market today than there were a year ago. This does not gainsay the fact that yields of 5 and 6% in tested issues still hold considerable attraction for bond buyers.

It appears that the 1943 bond buyer will have to be more content with selecting issues that primarily afford him a stable income rather than those that have chances of showing a spectacular market price rise. This is a condition that has become particularly evident in the past few months with good grade issues in every section of the market in very good demand but rather light supply.

ELECTED DIRECTOR

Sydney J. Langill, who has been elected to the board of W. C. Pitfield & Co., with which firm he has been associated since 1929. During 1940 and 1941 Mr. Langill was president of the Montreal Bond Traders Association.

GLUYAS WILLIAMS

YOURS IS NOT A 'BIXBY' BUSINESS

or is it?

You have probably read "Bixby's Dilemma" and why his business failed. But in so far as you are following modern concepts of wartime public relations, your business is insured against a similar disaster.

HOW EFFECTIVE is YOUR wartime public relations strategy?

A 3-MINUTE QUIZ THAT SHOWS WHERE YOU ARE HEADING

If your products are no longer available to civilian buyers:	ANSWER Yes	No
Are you keeping present and prospective customers informed as to why your products are no longer obtainable?		
Are you telling the public—and the trade—about your part in the war effort, as consistently as you told them what you had to sell in other years?		
Are you insuring your business against consumer and dealer forgetfulness with advertising that will keep your brand name and trade mark fresh in the public mind for the duration?		
Is your advertising helping the government with its job of sustaining morale and selling public co-operation in all phases of Canada's war program?		
Are you making definite plans for post-war models and new improvements—and telling future customers about the better things to come after the war?		
Are you giving dealers—who may be suffering more than your company is—any real help in keeping their names (along with your brand names) before their prospects?		
Are you telling present owners how to use and care for products which cannot be replaced until after the war?		
Are you doing anything specific in the way of advertising or printed sales promotion to offset competition from new companies and new industries that spring up in wartime?		
Are you carrying on any definite program for betterment of employee relations, keener teamwork in plant and office, accident prevention, etc.?		

If you still have products (or services) to sell the public:	ANSWER Yes	No
Are you exploring and exploiting every possible new use or application of your products, to help your customers solve new wartime problems?		
Are you telling customers how to use and how to conserve rationed or scarce commodities?		
Are you maintaining an adequate program of "calls by mail" to replace personal calls by salesmen no longer able to cover their territories as thoroughly or as frequently as usual?		
Are you keeping dealers informed of every new sales possibility for your products—and helping them to take full advantage of these possibilities?		
Are you contributing part of your advertising and promotion efforts to direct support of the country's war effort?		
Are you building better relations with employees, keeping them posted on company policies, methods of accident prevention and other conditions affecting their welfare?		
Are you keeping distributors, dealers and consumers supplied with up-to-date information about your products or services?		
Are you using printed messages to help prevent or eliminate bottlenecks in your material supply lines—and to thank your suppliers for their co-operation?		
Are you telling distributors, dealers and consumers what they should know about your company's part in Canada's war program?		

THE E. B. EDDY COMPANY LIMITED
FINE PAPERS DIVISION HULL, CANADA

The Editorial Page . .

The Financial Post's Platform for War

1. *Effective mobilization of all resources, materials, productive capacity and manpower, without reservation, for an all-out war effort.*
2. *A national cabinet, representative of all loyal groups, and consisting of Canada's ablest brains.*
3. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
4. *A non-political industrial executive to organize and direct procurement of war supply.*
5. *Pay-as-we-go policy, to the very limit consistent with an all-out war effort, to avert inflation.*
6. *Elimination of wasteful spending by public bodies or private individuals.*
7. *A national programme for postwar Canada, providing for fullest possible employment and improving social standards, through free competitive enterprise.*

We Can Be Healthy

This month marks the beginning of the National Nutrition Programme, a nation-wide campaign to impress upon Canadians the necessity of eating better to work better. That a good many Canadians are suffering to some extent from malnutrition is indeed a case of poverty in the midst of plenty. Few other lands are so favored as Canada in having an abundance of healthful foods readily available.

When full advantage is taken of this happy condition it will be reflected in better general health, increased worker productivity and an all-around improved country. To educate Canadians to the facts of better nutrition is an important job for both war and peace days. To achieve its best results the programme that is now getting under way should not be content with any short-lived "blitz" but rather should take the form of an extensive and continuous campaign that will reach into the homes and touch the consciousness of every Canadian citizen.

But knowledge of the most nutritional foods is not enough. The beneficial influence of the best foods can be seriously impaired if not altogether eliminated in their preparation for the dinner table. Just as important as the proper selection of foods is their proper cooking; education in both of these directions should be carried on simultaneously.

Telling About Our Job

The index to special articles appearing in the 52 issues of The Financial Post during 1942 which is published on page 14 of this issue bears striking testimony to the war work of this paper. Information is a prerequisite of every wise, constructive act in private or in business life; well informed analysis and appraisal of public affairs is a prerequisite of democracy.

We confess to very considerable pride in the material we have published which reported and explained the purpose of the great mass of government controls which were so unfamiliar, so disturbing to established habits of life in business activity. Public acceptance and understanding of them was vital to the strength and vigor of our war effort.

Another big list of Post special articles has had direct value for businessmen and industrialists engaged in the war effort: how plants have reduced absenteeism, how time and motion study has helped production, how firms have converted themselves to war work, how business simplification really works, and scores of other articles.

Many other articles have reported the revolution in Canadian industry keyed to a soaring war output. This is a record of splendid achievement, stimulating to all business. It demonstrates better than in any other way how much all Canadians owe to the enterprisers whose management, skill and courage has made us strong; how richly the system of individual enterprise has endowed us.

Transport Industry's Great Job

The tragic railway accident at Almonte this week should not be allowed to obscure the really amazing performance of Canadian transportation systems generally in this war.

Handicapped by a shortage of rolling stock, skilled labor and materials, they have carried millions of additional passengers and tons of freight.

It is hardly necessary to point out that without our railroads and tramway systems, anything like our present war production would have been absolutely impossible. The Canadian transport industry is doing its war job well.

Must Face Rationing Boldly

The events of the past few weeks may well give rise to speculation on the future course of our civilian controls. Up to the present, persuasion has had a very large part to play in our wartime way of living. In two outstanding cases recently the system of persuasion rather than compulsion has broken down. Attempts to hold down butter demand, short of rationing, proved useless while Prime Minister King's appeal for reduced liquor consumption was immediately answered by long lines of buyers at liquor stores.

As 1943 progresses there probably will be increasing shortages in consumer goods. This in turn must bring increased readiness by authorities to ensure that there is a fair and equitable distribution of the available supply. Recent experience indicates that such a distribution is no longer possible under a voluntary system, desirable as such a system might be.

Canadians are now generally well educated to the necessity and benefits of formal rationing. They welcomed the institution of coupon rationing on butter as an elimination of the chaotic conditions that existed in that market; there is no reason to believe that they will not welcome further rationing on other goods to obviate similar panic conditions in other directions.

The government must be prepared to institute further direct rationing controls for the dual purpose of ensuring a fair distribution among all citizens and helping to relieve the load on merchants such as pressed on them during the panicky butter shortage. And the more promptly these measures are taken, once the need is apparent, the more promptly will come the correction. Ottawa dallied several weeks too long in applying butter rationing and as a result thousands of citizens went without this vital food. It need not have happened.

For a Better Civil Service

A British commission has just issued its report on the British Civil Service. The findings, recommendations and observations deserve the closest attention by Canadian officials.

This report, the Sixteenth by the Commons Select Committee on National Expenditure, finds in the British civil service "congestion, duplication, insufficiency of delegation and slowness in reaching decisions . . . There was no overt sign that the Treasury or the departments accepted the proposition that the organization of its administrative machinery was a subject requiring expert, specialized study, or that any lessons in the art of management could be learnt from industry and commerce either in this country or abroad."

One important recommendation is that civil service operations should be the special charge of a new officer. He is to be no underling with minor authority doing this job merely as a sideline to many others. He is, on the other hand, to be a high ranking official with the status and authority needed to command action and get co-operation.

While our administration in some departments of the Canadian government is recognized as good, two basic weaknesses still plague it. They are inconsistent with Canada's wartime needs for manpower and the tremendous tax burdens being so willingly borne by the Canadian people.

One is the extremely rigid stratification of civil servant ranks and the strict seniority system which holds down the good man and pretty well dooms him to a patient wait until a superior dies or retires before advancement is possible. This means sometimes that it is impossible to get the right man into the right job.

This situation, of course, tends to keep ability from joining the service. And aggressive commercial enterprise well knows that ability is too rare and too valuable a commodity to smother it and retard its progress with a system that too frequently protects mediocrity.

Second, Canadian civil service procedures are still cluttered up with an undue amount of red tape. The aim has been to secure economy, to prevent peculation, to enforce discipline, to avoid mistakes. But the preventive machinery has grown so big in itself that it very frequently defeats the end it was created to produce, and one positive result is the stultification of enterprise, ingenuity and efficiency, slowing down the whole tempo of government business, over-staffing, waste of men and money.

Canada is served by many excellent and devoted workers. The old scandals of nepotism and the spoils system have been largely eliminated. But the strong antiseptic of competition which keeps the staff of commercial organizations on their toes is lacking in the civil service. The "customer is always right" principle of private business too easily becomes, in government business, "The customer is always wrong."

Forthright overhaul of our system would give protection and opportunity to all able civil servants. It would be good for Canada. The war effort demands it.

The Postwar World . . .

In this department The Financial Post notes current comment, opinion and research on the world that will face us after the war has been won.

Idleness is the Greatest of all Threats

As executive director of the United States Board of Economic Warfare, Milo Perkins is in close touch with official policy making at Washington. His views on the major postwar job of the United Nations, therefore, are of more than usual importance and it is regarded as significant that they jibe so closely with those outlined by other high U. S. government authorities. The following excerpts are from a recent speech of Mr. Perkins. They reflect precisely the same trend of thought as this week's address by U. S. Vice-President Wallace.

* * *

Men lost their battle to avoid this war. It was lost primarily because the world was unable to distribute what it had learned how to produce. This failure was as true of trade within countries as it was of trade between countries. The nightmare of under-consumption was the black plague of the prewar era. We put up with a civilization which was commodity-rich but consumption-poor too long to avert the present catastrophe.

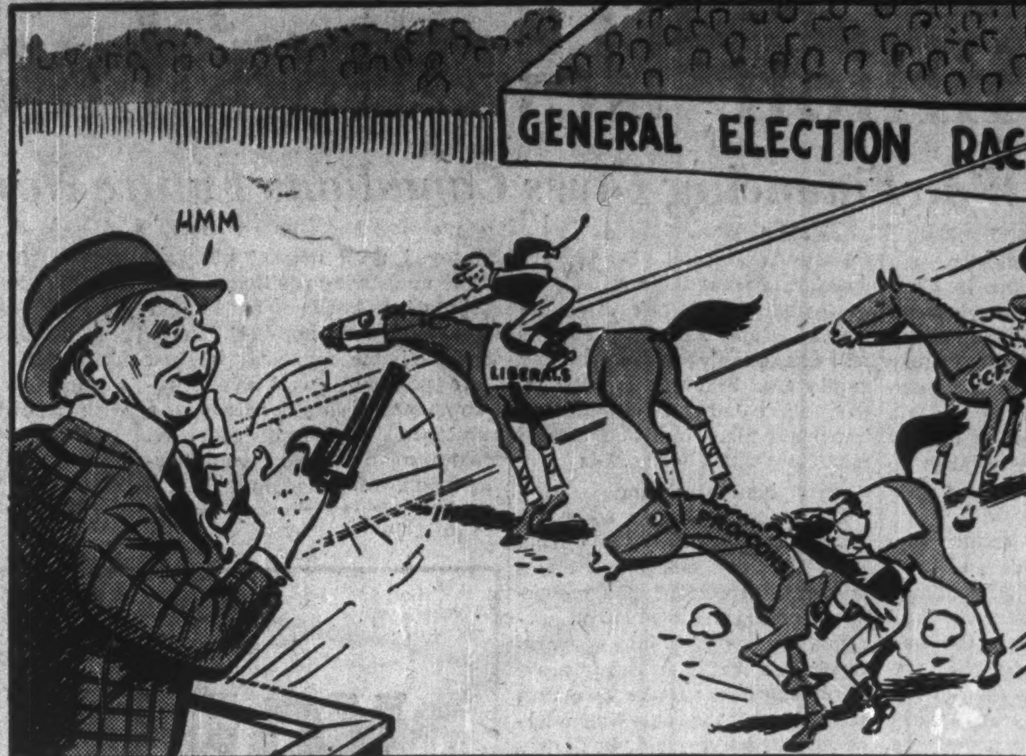
At the end of victory we shall have the greatest production of raw materials, the greatest industrial plant and the greatest number of skilled workers in all history. All this will exist side by side with intense want throughout every land. The bridging of that gap will present the greatest challenge any generation of young people ever faced.

Full blast production for a gradually rising standard of living will be as necessary to win the peace as all-out production now is to win the war. It will be physically possible. Our number one postwar job will be to make it fiscally possible. If we can do that, private enterprise will enter upon an era of unparalleled activity.

Of course it won't be easy. There will be complicated distribution problems to be worked out. There will be the problem of how to get purchasing power into the hands of potential customers so they can become real customers. There will be the problem of how to develop a peacetime job for every displaced worker in our armament industries. It will be hard but it won't be any tougher than winning this war.

The plain people of this earth know what they want in the postwar period. Above all else they want to be wanted; they want a chance to work and be useful. They want an income which will give them enough food and clothing and shelter and medical care to drive the fear of want from the family fireside. And they want these simple things within a society that guarantees their civil liberties.

The job of the future will be to build up a mass consumption great enough to use mass production. That will require a bold and daring use of long term credits by every enlightened government of the world. Governments must enter fields where private finance cannot enter without assuming risks that are too great to take with other people's money. By that very act, however, the area of private investment will be broader and safer than it was in the last two decades. A world at work at decent wages is a world of economic stability. Idleness is the greatest of all threats to confidence



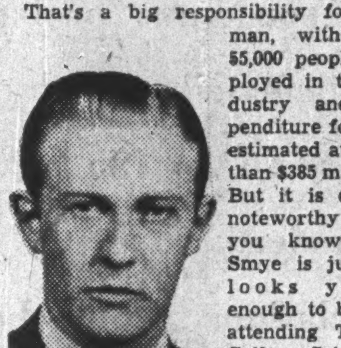
Cartoon by Grassick.

IS HE GOING TO START IT BEFORE ALL ARE READY?

Post-Scripts . . . .

His Job is Planes

A brief press release from Ottawa a few days ago announced that Fred Smye had been named director of the production programme, Air Craft Production Branch, Department of Munitions and Supply.



MR. SMYE

That's a big responsibility for any man, with over 55,000 people employed in the industry and expenditure for 1943 estimated at more than $385 millions. But it is doubly noteworthy when you know that Smye is just 26; looks young enough to be still attending Trinity College School at Port Hope where he got part of his education.

Fred Smye hails from Hamilton. In that town's palmiest days when it earned the sobriquet "Windy City" it scarcely turned out a breezier more self-assured product than Ralph P. Bell's young protegé. Smye's father was in the wholesale grocery business originally (a partner of the firm of Balfour & Smye). Then he retired and went into politics. From 1926 until his death in 1929 he was Minister without Portfolio in the Ferguson government.

After a private school education and a year at Hamilton Collegiate, young Smye decided to go into the advertising business. That lasted a year and along came a chance to go into business for himself—an entirely new line, the manufacture of cardboard milk containers. A little plant was established alongside the No. 2 highway just west of Hamilton and everything was fine except that there were few customers. Instead of hiring a $5,000 a year salesman to drum up business, the backers put the job on Smye's shoulders. He claims to have sold 9 out of his first 11 prospects—a good average for any salesman. Today the business is going great guns with demand far ahead of supply.

After war broke out, Smye went to New York in a liaison capacity for the Department of Munitions and Supply. It was there that he met Ralph P. Bell. Mr. Bell got immediately interested in this enthusiastic youngster and gave him increasing responsibility in New York and later in Washington for liaison work in connection with airplane contacts and contracts. Subsequently he brought Smye to Ottawa as his executive assistant. His new job is an extension of that work, with specific responsibilities under Ralph Bell for aircraft production.

Manitoba's New Premier

Stuart Sinclair Garson, new premier of Manitoba, in succession to Honorable John Bracken, is about as close to being a native son of the province he now leads as he could be, just as his father before him was almost a native Canadian. Garson was actually born in St. Catharines in 1898, but moved to Winnipeg with his parents when only three years old, while his father came from the Orkneys to Canada, when only a year old. Incidentally the father was one of the founders of the building stone industry at Tyndal, from which place that picturesque, native white limestone, with its many fossils, has been shipped to almost every part of Canada.

The new premier of Manitoba started off in life as a lawyer, having graduated from the University of Manitoba in 1918. After a year in a Winnipeg law office, he established his own office at Ashern, Manitoba, where he practiced law until 1928. Then he came to Winnipeg. He specialized in municipal and corporation law and this experience proved most useful when he became provincial treasurer, in September, 1936.

Garson represented Manitoba as a member of the National Finance Committee in Ottawa in 1936 and prepared and presented Manitoba's Treasury Brief to the Rowell-Sirois Commission. As provincial treasurer, he is given most of the credit for piloting Manitoba out of a period of deficits into a record surplus this past year. He has been closely associated with Premier Bracken in plans for postwar reconstruction.

When Garson first entered the Provincial Legislature in 1928 and particularly after he took on the heavy responsibilities of the provincial treasurer, there were frequent predictions that his youthful appearance would soon disappear. However, despite the hard work, inevitable with such a job, much of that youthful appearance has been preserved. At 44 Stuart Garson, good humored, enthusiastic, and well thatched with brown hair, might still pass for a man 10 years younger.

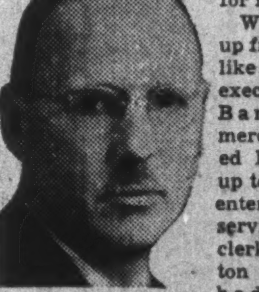
One of the reasons for this is his hobby of studying bird life. Even since moving to Winnipeg, he has continued it. Recently the Garson family moved into a new home, a Dutch colonial cottage, on the banks of the Red River. This location was chosen because of the trees and the consequent abundance of bird life. Another advantage was the fact that it gave the new premier water frontage for mooring his own small sail boat right at the door. Field-glasses in hand, his short, athletic figure is familiar along the banks of the Red River at any season of the year. Other recreations include skiing, badminton and sailing.

Premier Garson is a member of the United Church. In 1933, he married Emily Joyce Topper, the daughter of Frank Topper, retired Winnipeg grain broker, and they have two daughters, Marjorie Joyce, aged three and Eleanor Frances, just a little over a year old. In politics, he is classed as a liberal-progressive, but heads a coalition which includes conservative, social-credit and independent members.

* * *

A Banker's Banker

Stanley M. Wedd was recently appointed general manager of the Canadian Bank of Commerce. He comes from a banking family. His father was a manager of the Bank of Commerce in Western Ontario for many years.



MR. WEDD

Wedd has come up from the ranks like all other high executives of the Bank of Commerce and worked his own way up to the top. He entered the bank's service as a junior clerk at Walkerton in 1905, and had the same broad training that this institution gives to all its staff. He was a clerk at several branches in his early days, but in 1914 was brought to head office for special training, and in 1916 after the merger of the Commerce with the Eastern Townships Bank he was sent to the former Head Office of the latter institution at Sherbrooke, Que. There he spent over three years.

He came back to head office, but in 1923 returned to Sherbrooke as Assistant Manager of the main branch in that city. Then followed an uninterrupted career from 1925 in the head office as inspector, chief inspector and as assistant general manager in January, 1937.

Reflective and thorough by nature, he works quickly and effectively. While he makes decisions firmly, he has a pleasant personality and gets along well with his staff.

* * *

From the Argentine

Canada had a delightful and talented visitor last week in the person of Dr. Raul C. Migone, chief of the International Relations Division of the Argentine Foreign Office. Dr. Migone brought official greetings from his country to Prime Minister King and to Minister of Trade and Commerce, Hon. James A. MacKinnon. He also visited the International Labor Office in Montreal where he came as representative of the Argentine Government on the invitation of that body.

One reason Dr. Migone is especially interested in Canada is because of his association with the Argentine-Canada Cultural Society established a year ago by a group of citizens in Buenos Aires anxious to improve relationships between Canada and the Argentine. This organization (which operates independently but with government sanction) is "dedicated to an active cultural exchange between Argentine Republic and the Dominion of Canada so as to help by all possible means the two countries to become acquainted." One of its vice-presidents is E. Clifford Marr, representative of the Sun Life Assurance Co. in Buenos Aires. Its directorate includes E. C. Groening, general manager of the Royal Bank in Buenos Aires as well as Gilles Sicotte of the Canadian Legation. Dr. Migone is one of the founders of this organization. Its objects include:

1. Organizing exhibitions of works of art, books and any production of a cultural nature connected with Canada,
2. Facilitate obtaining of information or data needed by professional or cultural centres or institutes in Argentine regarding similar institutions in Canada,
3. Promote exchange of professors, graduates, pupils, artists, journalists.
4. Provide proper reception to prominent Canadian visitors.
5. Organize annual celebration on Dominion Day with special broadcasts to Canada.
6. Publicize through the press of both countries matters of mutual interest.

Raul Migone is a Doctor in law and social science of the University of Buenos Aires. In 1921 he was appointed Argentine Consul at Geneva and in 1930, correspondent of the International Labor Office of the League of Nations in Argentine. Subsequently he was editor of Spanish publications in the International Labor Office. He is the editor of the Inter-American Statistical Yearbook recently published in English, French, Spanish and Portuguese. This thousand-page volume covers the entire Western Hemisphere in terms of population, production trade, banking, currency, public finance. He is also the author of an Argentine History of the 19th Century.

Dr. Migone has been a delegate of his government to many conferences and important international gatherings. He is secretary of the Argentine Commission of Inter-American Development and of the Argentine Commission of International Studies. He has been appointed by his government to collaborate with the I. L. O. in problems of social and economic reconstruction, labor legislation and social statistics.

In Ottawa he was guest of honor at a dinner given by Norman Robertson, Undersecretary of State for External Affairs.

Other People's Views . . . .

The Canadian Editorial of the Week

The Credit is Canada's

Vancouver Province

Directly and indirectly, the Canadian Government continues to put out propaganda detailing the output of Canada's war industries. The output is, without question, very impressive and very creditable. Canada may well be proud of it.

The credit for the achievements of Canada's industrial plants does not, however, belong either wholly or largely to the government. Canadian industry was pretty efficient before the war, when it was wholly without government interference or government guidance, and it is no doubt the prewar organization and practices carrying through that have been mostly responsible for the magnificent output.

There is one other thing. The plants have been able to increase their output because they have been able to enlarge their activities. Money has been put at their disposal in large quantities for expansion and re-tooling, and this money has been turned to good account.

Here again, the government would be inclined to claim the credit, for it provided the money. But where did the government get the money? From the taxes and loans of the people of Canada. Canadian industry and the Canadian people have done the job between them. The government has merely smoothed the way, and it has not always made the way too smooth.

As Others See Us . . .

Senator Rupert Davies

Moose Jaw Times-Herald

In the Post-Script column on its editorial page The Financial Post of Toronto congratulates William Rupert Davies because he is "henceforth to be styled Senator Davies." His summons was recorded in Ottawa press dispatches a few days ago.

Senator Davies is not widely known in the West; but out here on the Prairies he would be "one of us" at first acquaintance not only because of his lifetime experience but because of his own self. There is a great and fundamental lesson that can be learned with profit to all Canada in what The Financial Post says concerning Senator Davies—or, rather, the lesson is to be found in the facts and experience recorded.

* * *

Government Should Set Example

Penticton (B.C.) Herald

The Financial Post is increasingly stressing a note that wins the approval of an increasing number of people.

As more and more business projects are feeling the drastic pincers of government regulation, particularly in respect to labor supply, they are asking, indeed demanding, that the government itself should make the best and most economical use of the manpower it takes.

Many a business man who has struggled through years of grinding to reach a stable position will now find himself sacrificing what he has built. When he reads of the sacrifices in blood and life itself, made by the young men who have gone out to battle, he will accept his fate with resignation. After all, it is a comparatively easy lot to go bankrupt here at home. Ask any lad who has slipped out of his burning plane to feel for the rip-cord of his parachute. Yet the fact remains that the business man who sees his source of livelihood vanishing because of "concentration of industry," will feel a mounting anger and dismay when he notes that government agencies all too often appear to use two or three men to do the work that would be required of one man under usual private business standards.

* * *

The Mail-box . .

King's College's Contribution

Editor, The Financial Post:

I was more than a little disappointed that the article on the war activities of Canadian universities, which was run in The Financial Post of December 5, contained no reference to the University of King's College.

It is true that we are not, as a college, running special technical classes for war workers. We leave that to our partner-college, Dalhousie. Yet even the Dalhousie courses were planned, in part, by a King's professor, Dr. G. H. Henderson, F.R.S., (England), and Dr. Henderson himself has since been taken over by the Canadian Government for special research work. Another member of our staff, Dr. S. H. Prince, is a member of one of the Dominion Government's post-war reconstruction committees.

Perhaps your reporter was confining his observations to the wartime teaching activities of colleges. But we feel that King's certainly made what might almost be termed the supreme sacrifice when she surrendered her residences to the Naval Department in order that a school for the training of officers of the R.C.N.V.R. might be established. The sacrifice was great, as King's has, ever since her foundation in 1789, been patterned on a small Oxford college, and whatever charm she has possessed has depended on her residential life.

By the courtesy of two other institutions we have managed to keep going on a residential basis, but with reduced numbers because such alternative accommodation is, naturally, limited.

On the other hand, the number of naval officers who have passed out of H.M.C.S. "King's" runs well into the high hundreds. They are all over the seven seas, wherever the Canadian Navy functions. Whenever a sub of the "Wavy Navy" distinguishes himself it is odds on that he is a Kingsman, and proud of it. We too have a vicarious pride in the exploits of our "step-sons," and we feel that the college is truly doing a war job, in that it made possible the rapid development of this naval establishment.

A. S. WALKER,
President.
University of King's College, Halifax.

* * *

Stop Me If . . .

Wife (heatedly): "You're lazy, you're worthless, you're bad-tempered, you're shiftless, you're a thorough liar."

Husband (reasonably): "Well, my dear, no man is perfect."

Sayings of the Week

"The British Empire is a dynamic institution constantly developing and now I believe it is entering into a newer, fuller life in harmony with those principles which inspired the Atlantic Charter."—*Lord Cranborne, Lord Privy Seal.*

* * *

"Bonds of respect, comprehension and comradeship have been forged which will, I pray, far outlive this war and be a lasting support in labors of peace when, after we have won the victory, we strive to build together a better and happier world."—*Winston Churchill in Christmas message to President Roosevelt.*

* * *

"I think the thing that makes a democracy effective, is the application of public opinion upon its leaders and I do not think that military leaders are any more sacrosanct than any other leaders. The application of public opinion to military leaders, in my judgment, is just as necessary and as valuable as it is when applied to any other leaders."—*Wendell Willkie.*

* * *

"What we need in Canada is a rational long-time programme, national in scope, progressive in character and in every degree worthy of the sacrifice this generation of young men is making in order that democracy may be given the chance to build a society worthy of their sacrifice, a society that will be the best monument we at home can build to their memory."—*Hon. John Bracken.*

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Business Leaders' Forecast For 1943

Now Fully Mobilized For War, the Next Big Industrial Hurdle is the Shift to Peace—Barring Victory in 1943, the Year's Programme is "War Business as Usual"

See also pages 8, 9, 12, 15, 19

General Manufacturing

Herb C. Braund

Managing editor, Industrial Papers Division, MacLean Publishing Co.

Secondary or fabricating industries have been so largely diverted to war production that the need is mounting steadily and nothing can prevent a very great demand when peace has been declared.

In many instances, the changeover from war to peace will take more time than many now expect, so there will be further delay in supplying the public market, and possibly some lag in employment while the changeover is being effected.

Canadian industry has just about reached its maximum in war production, although there are still some of the newest plants not yet in production, and there are periodic slowdowns because of changing products or modifications in models. Our gun production, on 30 types, one of the biggest of our manufacturing problems, is now in full swing.

The pressure has somewhat eased on demand for the most highly skilled men, since set-ups have been pretty generally arranged, and there has been some opportunity to train substitute men. The general labor problem, however, is acute and the supply problem even more so.

The aircraft industry is working steadily on airframes although the country is still dependent on the United States for engines. Many other items, such as propellers, instruments, etc., are now being made in Canada in brand-new industrial enterprises, and wood fabrication, the most interesting aspect of which is that of molded plywood, is being introduced by the aircraft industry. Two or three new models of airplanes, such as the four-engined Lancaster heavy bomber and the Curtiss Helldiver dive bomber are yet to get into production.

The shipbuilding industry is beginning to hit its stride, since men have been found or trained to at least partially meet the demands of the ship yards, and the system of prefabrication has been sufficiently organized to enable yards to produce in respectable quantities.

• • •

Wallace R. Campbell

President, Ford Motor Co. of Canada.

Canadian industry utilized to the full the greatly expanded facilities which have come into being since the outbreak of war. A great many new plants are now built and equipped for continuous volume production for the duration. The output of ships, tanks, aircraft, guns, automotive equipment and all types of munitions has reached a level at least as high, if not higher, than that of any nation in the free world on a per capita basis.

Referring to the Canadian automotive industry in particular, the pace of production was maintained and increased in 1942 in comparison with the previous year. New types of vehicles were added to the ever-increasing range required for mechanization of the armed forces for offensive action against the enemy. Tens upon tens of thousands of Canadian-made units were shipped to the battlefronts in all parts of the world and trucks and carriers originating in Canada proved to be of outstanding quality in Africa, Russia and other theatres of war where conditions of combat, climate and terrain put them to the most rigorous test. Reports from North Africa speak for themselves.

• • •

C. W. Churchill

President, Chrysler Corporation of Canada.

The Chrysler Corporation of Canada Limited will continue into 1943 its company-wide, war-production activities. The importance of their precision work on a wide range of war products is keenly appreciated by Chrysler employees and recent military successes have inspired us all to produce more and better equipment for victory.

Our Dodge-DeSoto and Chrysler-Plymouth dealers from coast to coast are also aiding directly in the war effort. Many have undertaken the important task of manufacturing while all are proving to the motoring public the wisdom and value of proper vehicle care if we are to maintain our essential transportation.

Until victory is won, this corporation has but one task—to produce all we can to aid in achieving that victory. We are working for the day when this war will be behind us and our factories again will be producing cars and trucks for our dealers to distribute to a free Canadian people.

• • •

V. M. Drury

President, Canadian Car & Foundry Co.

It would be a courageous man who would prophesy, with any great hope of accuracy, what the trend of business in the near future will be, because of the many unknowns involved; but should the war last another year or so, the particular fields (especially aircraft production) covered by the many plants of the Canadian Car & Foundry Company would be fully occupied.

This company now has a tremendous diversification of war work on hand, and if the materials necessary for this production can be procured on schedule, the nine plants involved will be producing at full capacity throughout 1943.

• • •

W. H. Funston

President, Firestone Tire & Rubber Co. of Canada.

By far the greater part of Firestone output today is for the armed forces. Their requirements have kept our production taxed to capacity and will continue to do so as long as we can obtain raw materials. One has but to read the reports of military operations in Africa to know the tremendous number of Canadian-made motor vehicles employed—equipped with Canadian-made tires—to understand where our production is going. As for the ordinary civilian car owner, unfortunately I can offer him no hope for tires in the immediate future. However, it should be possible for essential vehicles to keep operating.

As for Firestone's postwar operations, that is going to depend largely on raw materials. Providing we can get rubber—either natural or synthetic, our production should be taxed to the limit for many months to meet the huge backlog of civilian demands. By that time the great majority of cars, trucks and farm tractors will need new sets of replacement tires.

With the tide of battle apparently turned and victory at least in sight, I believe that Canadian business and industry, while not allowing any slackening in their war effort should start to give serious consideration to definite postwar plans. The return to peacetime operations is going to present problems as great as our wartime ones and Canadians both individually and collectively have well-formulated plans ready to put into operation.

• • •

H. C. Hatch

President and chairman, Hiram Walker-Gooderham & Worts Ltd.

With the steady development of global war, hugely increased alcohol production has become imperative to meet the growing requirements of the United Nations everywhere for explosives, synthetic rubber, and a whole host of other medical and scientific supplies. The fact that in the United States and Canada well-organized distilleries have been available to meet this situation without loss of time and in important measure must be recognized by impartial observers as one of the more fortunate circumstances that have favored the Allied cause.

In the field of taxation the distilling industry has continued to be a substantial source of the revenues by which our governments are carrying on the war.

In the enlarged war effort that is engaging the distilling industry as a whole, by reason of its exceptional productive facilities, is playing its appropriate part. As from October 8 in the United States and November 1 in Canada we have ceased distilling for beverage purposes and our entire resources are devoted to war production.

Such a change naturally cannot be carried out without major dislocation of all our normal operations. Especially do we face a situation in which, for some time to come, all our beverage sales will have to be made from stocks on hand. While our inventories are fortunately substantial, it seems the part of wisdom to husband them with due prudence. To this end we are adopting a policy of rationing the company's products to its various markets.

This course inevitably will result in a curtailment of sales and therefore of earnings so long as the policy is continued. At the same time we are convinced that the substantial considerations in favor of conservation and orderly utilization of our inventories will outweigh in the long run what might appear at first glance to be the advantages of responding to the pressure of immediate consumer demands.

• • •

Geo. W. Huggett

President, Canadian Industries Ltd.

In considering the outlook of the chemical and allied industries for 1943, it can be predicted that the production feats of the year just ended will be far surpassed. Longer term prospects are much less definite. The war has enlarged the scope and intensity of scientific investigation in specific fields and there is emerging from the laboratories in this country and abroad a constant stream of information that can be applied to improve peacetime living.

Under wartime conditions improved methods, more efficient processes and superior products are being brought forward and adopted in the space of months that would have required years for widespread acceptance in different circumstances. New developments only dimly seen on the horizon a few years ago are today accepted realities.

Although much will remain to be done in the postwar period before many of the findings can be made available to the consumer, advancements in medicine, food, clothing, transportation and housing contain promise of great changes in everyday living in the years after peace has been attained.

• • •

R. S. McLaughlin

President, General Motors of Canada, Ltd.

The trend of business for the automotive industry in Canada, for 1943, is not difficult to forecast. It will be a continuance of the task of building the sinews of war in mounting volume. Already, much has been done. Engineers and production men, applying long-tested skills to unfamiliar tasks, have created a new technology of munitions manufacture. Management has promoted both quantity and quality in war material. Rates of output have been accelerated, weapons have been simplified and given longer life, costs have been reduced, improvements have been made in many of the devices of war.

This advance in war production technique will be continued into 1943 and as long after that as may be necessary for the defeat of the nations arrayed against us. The whole effort of the men and women in this industry is directed to the achievement of victory and the speeding of the happy day when we may turn our skills again to the crafts of peace.

• • •

H. S. Tobin

Managing director, Brewers & Distillers of Vancouver Ltd.

In British Columbia like most other businesses, that of the brewing industry has benefited from what might almost be termed a boom in consumer demand. This can be attributed to the fact that for the first time in many years all employables are gainfully employed. Wages have risen and money is more widely distributed than ever has been the case in the history of the country. In addition, the influx of airmen both trainees and garrisons, soldiers, sailors, workmen on the Alaska Highway, American troops and construction gangs on the consequent necessary housing accommodation, has almost doubled the adult population. Full advantage cannot, however, be taken of the resulting demand owing to Government restrictions and regulations.

With peace we may expect far less employment, the effect, however, softened by the Unemployment Insurance scheme. Ready money, however, will be less in evidence and consumer demand will probably diminish in consequence although sales will only be partially affected as the demand will not then exceed the supply. There is danger of the money shortage being aggravated by the eight months' Income Tax debt which will have accrued and been carried over unless the present law should be amended along the lines of the Ruml scheme. On the whole, our Company looks forward with confidence to the future.

• • •

James Thomson

Associate editor, Hardware and Metal.

The hardware trade has completed a year of steadily growing restrictions in the supply of many of its staple lines. The result is, limited selections of stock available for 1943 business. Stocks of most prohibited lines, like electrical goods, are becoming depleted. Retailers and wholesalers, whose sales for 1942, despite these restrictions, were higher than in 1941, now face the prospect of definitely lower volume of business in 1943. A number of replacement and substitute lines, made from wood, plastic, glass, and other less vital materials, have been added to stocks, but sales of these will not make up for the larger volume lost through shortages and prohibitions in regular staple lines.

Steps are being taken in most hardware establishments to prepare for reduced volume, by cutting down expenses. The help situation, which is becoming more acute, will automatically bring some reduction in wage costs.

Wartime restrictions on the production and sale of many hardware and electrical lines, are building up a huge backlog of business from householders which should provide stimulation for production and sales of these lines sold through the hardware trade, for a long time after peace comes. The longer the war lasts, the larger this potential market will become.

The Week in Business

This is the period each year when business activity slackens in Canada, influenced by the holidays and seasonal factors. What actually happened has not yet been measured by business figures but it probably followed the usual pattern, with the possible exception that retail sales held well and may have attained record proportions. The extent to which these retail sales reduced inventories of civilian goods will have an important influence on volume in 1943, as replacements can be expected to become increasingly difficult.

Running through many of the year-end forecast statements from business leaders in Canada, to be found elsewhere in this issue of The Financial Post, is the idea that 1943 is going to find Canada achieving all-time high records in physical volume of production. The tool-up stage is now completed and all energies can be turned toward actual output. It will be a production record of a unique kind, however, that will prove difficult to measure by ordinary standards and indices due to the preponderance of war materials which it will include.

Carloadings in the week ended Dec. 19 rose 65,169 compared with 61,760 for the corresponding week of 1941, but continued the moderate downward trend noted recently. This decline, however, is less than seasonal. For the year to date total cars loaded are about 182,000 above last year, or 5.7%.

Cement production in October totalled 1,146,307 bbls., up about 100,000 bbls. from the same month of 1941. For the first 10 months this year total production is up about 860,000 bbls., or 11.8%.

Bond sales have been influenced by the huge Victory Loans sold. It is not surprising, therefore, to find November totals far above the same month of last year and 84.1% higher for the first 11 months of the year.

Life insurance sales in November are reported at $52 millions compared with $45 millions in Nov., 1941. The 11-month total this year is $489.2 millions, 28.2% higher than for the corresponding portion of 1941.

	Nov.	Oct.	Sept.	Aug.	Year Ago
Physical vol. of business, D.B.S.*	....	207.2	206.1	205.7	178.7
National Income, D.B.S.•	....	....	646.2	634.2	600.3
Nat. Income Index (1935-39=100)	....	....	190.1	186.5	176.6
Dom. war expend. (million $)	209.6	175.9	207.3	173.4	121.2
Dom. total revenue (do.)	180.7	203.9	162.4	164.2	108.8
Dom. total expend. (do.)	335.5	357.4	318.9	301.3	171.5
Retail sales index no.	....	151.8	152.2	162.9	138.1
Dept. store sales index no.	....	153.1	152.7	154.5	136.5
Wholesale sales index no.	....	....	177.7	157.4	171.2
Country store (% change pr. yr.)	....	+16.7	+12.6	+10.0	+8.1
Divd. payment index‡	123.1	123.3	123.5	123.5	119.3
Bank deposits (1926=100)	185.1	179.1	170.1	163.0	156.0
Cash and cheque pay. index	....	161.3	139.7	138.6	139.7
Bank debits (1935-39=100)	....	135.7	134.5	136.0	120.8
Money supply (c)	....	4,120	3,927	3,772	3,503
NEWSPRINT % OF CAPACITY—					
Production ratio	....	70.6	72.4	68.4	84.1
Shipment ratio	....	76.9	82.1	69.0	80.3
RAILWAY FREIGHT LOADINGS—					
Tons	137.2	134.5	127.1	163.0	139.6
Cars	126.5	124.6	117.4	129.6	124.4
COST OF LIVING—					
D.B.S. index	118.6	117.8	117.4	117.7	116.3
EMPLOYMENT INDEX Nos. D.B.S.—					
All industries	....	181.3	179.3	177.8	165.8
Manufacturing	....	218.3	215.5	212.4	184.9
Payroll (June 1/41=100) (b)	....	137.9	135.5	131.6	113.3
Payroll index (a) (1937=100)	....	222	210	202	189

	1942	1941	Jan. 1 to date 1942	Jan. 1 to date 1941	% Change
RAILWAYS—					
•Car loadings (week Dec. 19)	65,169	61,760	3,326,507	3,144,450	+5.7
•C.P.R. gross (week Dec. 21) $	5,812,000	4,766,000	250,062,000	214,439,000	+16.6
C.N.R. gross rev. ... (Nov.) $	31,866,000	27,292,966	338,695,000	276,365,487	+22.6
C.N.R. net rev. .... (Nov.) $	6,602,144	5,719,863	78,268,506	60,347,891	+29.6
•C.P.R. gross rev. .. (Nov.) $	22,414,905	20,207,692	232,340,783	200,241,838	+16.0
•C.P.R. net rev. .... (Nov.) $	5,269,425	5,201,227	42,993,380	40,866,786	+5.2
IRON AND STEEL—(October)—					
Pig iron production (tons)	175,424	153,568	1,640,055	1,212,089	+35.3
Steel production ... (tons)	271,127	249,395	2,580,715	2,208,538	+16.7
CONSTRUCTION—					
Contracts awarded (Nov.) $	22,085,000	22,889,500	271,985,200	374,881,400	—27.5
Building permits .. (Nov.) $	7,624,195	11,729,291	97,257,153	114,008,464	—14.7
•Cement prod., bbls. (Oct.)	1,146,307	1,042,685	8,190,634	7,324,025	+11.8
AGRICULTURE—					
Flour prod., bbls. .. (Oct.)	1,851,062	1,595,931	16,724,180	17,229,463	—2.9
Cattle sales▲ .... (Nov.)	150,695	131,067	1,063,884	1,123,504	—5.3
Hog sales▲ .... (Nov.)	612,310	686,666	5,505,879	5,420,030	+1.5
SEA FISHERIES—‡					
Catch, cwts. .... (Sept.)	1,442,100	1,343,500	8,395,100	8,501,200	—1.2
Landed value ..... (Sept.) $	6,557,900	3,156,000	25,834,100	20,762,500	+24.4
NEWSPRINT—					
Production, tons ... (Nov.)	251,147	300,308	2,932,911	3,125,042	—6.1
Exports, tons ...... (Oct.)	277,925	285,893	2,541,104	2,652,623	—4.2
MINING AND OILS—					
Coal prod., tons ... (Oct.)	1,588,595	1,903,605	15,485,837	14,583,021	+6.2
Gold rec.: fine oz. .. (Oct.)	380,144	443,884	3,928,015	4,264,487	—7.9
Petroleum prod., brl. (Oct.)	859,895	871,481	8,665,941	8,370,968	+3.5
ELECTRIC POWER OUTPUT—(October)—					
Total monthly, 1,000 kw.h.'s	3,166,186	3,140,317	30,680,557	27,040,578	+13.5
OTHER INDUSTRIAL FACTORS—					
Shoes, prod., pr. ... (Oct.)	2,992,325	3,141,512	27,664,545	26,975,064	+2.5
Cotton consump., lb. (Nov.)	16,064,484	16,647,670	179,903,951	182,238,790	—1.2
Cigarette cons., No.† (Oct.)	1,010,451	844,292	8,232,279	7,107,784	+15.8
FINANCE—					
Bank debits† .... (Nov.) $	4,966,558	3,426,906	41,331,641	35,556,411	+16.2
•Bond sales† .... (Nov.) $	1,062,488	94,922	4,175,291	2,267,708	+84.1
•Life insurance sales (Nov.) $	52,042,000	44,984,000	489,246,000	381,743,000	+28.2

‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
▲Total at yards and plants. †000 omitted. •Millions of dollars.
‡Supplied by Nesbitt, Thomson & Co. *1935-39=100. (c) 000,000's omitted.
(a) Compiled by Canadian Bank of Commerce. (b) All industries.

On the Record

27.8% of the eligible male population, a total of 616,598, on Oct. 31, have enlisted in the three armed services.

Jack Pembroke, chairman, Dependents' board of Trustees, appointed assistant to the Deputy Minister of National Defense (army).

150 arsenals, employing 50,000 men and women, manufacture 18 types of shells in 14 different calibres.

One parachute costs $235.

Gordon Murchison, Director of Soldier Settlement, appointed Director of Veterans' Land Settlement.

Dr. Allan Peebles, formerly executive director, Unemployment Insurance Commission, named director of statistics and research for the Labor Dept.

New Accounts

In view of the improved outlook for many Canadian Industrial Shares, we would be pleased to accept new accounts on a conservative marginal basis.

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No one knows what the sales picture will show in 1943 . . . but you CAN be sure that rural Canada will take on added importance as a market.

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Canada's Finances in Wartime

With permission of Barron's National Business and Financial Weekly, we have reprinted an article which appeared in a recent issue entitled "The Improved Outlook for Canadian Securities".

This article is both timely and interesting, and should be read by all who hold Canadian securities. Write for your copy.

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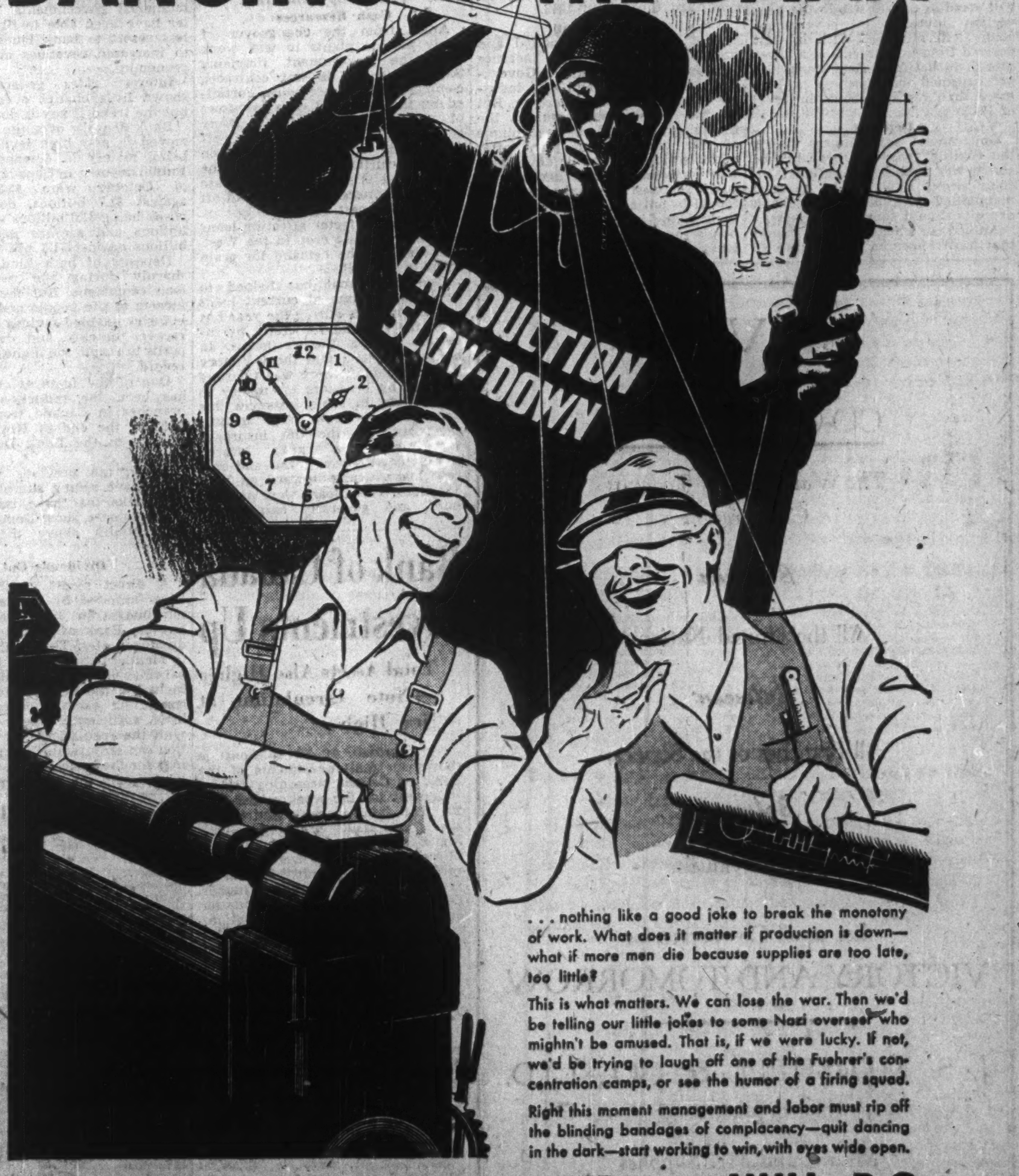
DANCING IN THE DARK



. . . nothing like a good joke to break the monotony of work. What does it matter if production is down—what if more men die because supplies are too late, too little?

This is what matters. We can lose the war. Then we'd be telling our little jokes to some Nazi overseer who mightn't be amused. That is, if we were lucky. If not, we'd be trying to laugh off one of the Fuehrer's concentration camps, or see the humor of a firing squad.

Right this moment management and labor must rip off the blinding bandages of complacency—quit dancing in the dark—start working to win, with eyes wide open.

HULL STEEL FOUNDRIES LIMITED . . . HULL, P.Q.

Business Leaders' Forecast For 1943

See also pages 7, 9, 12, 15, 19

Financial Institutions

Alex Hurry

President, Canadian Underwriters Association, and general manager, Northern Assurance Co.

As business has its periods of prosperity so has fire insurance its recurrent phases of low losses. We appear to be emerging from a favorable period of this nature which has lasted longer than any such in the history of the business in Canada.

Revision of rates to accord with the loss cost has brought insurance rates down to an average of about a third of what was paid for insurance some thirty years ago and the coming year will show reduction in income due to the reduced rates and to the fact that a large volume of business formerly on a yearly basis was placed on a three year basis during 1941 and 1942.

The reduced rates will cover losses and moderate expenses only if losses remain low, but the latter part of 1942 showed a sharp increase in fire waste, estimated by the insurance press to bring the total for the year to 40% in excess of the previous year.

If the present tempo of fire losses (allowing for seasonal changes) continues, the prospects in fire insurance in 1942 must be viewed conservatively.

War conditions have various reactions on the results of fire underwriting. Statistics of the past afford no guide nor can the present be of much value as a guide for the coming peacetime. The situation will continue to vary and will call for flexibility in handling so as to keep as closely in touch as possible with conditions as they may arise.

* * *

A. N. Mitchell

President, Canada Life Assurance Co.

Amid the insecurity and uncertainty of war, it is almost inevitable that people should be thinking increasingly of "security" and "protection." War only illustrates and emphasizes the fundamental need of providing against the uncertainty of the future, for which life insurance alone provides tthe answer. It is natural, therefore, that in a period of this type an increasing number of Canadians should band together for their mutual protection through life insurance.

Thus far this war has been no exception. And present indications are that the personal, individual problems which life insurance is called upon to solve are becoming still more numerous and still more urgent.

Coupled with this factor is a greater realization of the contribution life insurance makes to the nation at war. In protecting themselves and their dependents, life insurance policyholders are diverting their earnings from unessential spending which might increase inflationary tendencies. Furthermore, much of the money they save in this way is being made available to the government for war purposes.

He would indeed be venturesome who attempted at present to predict the future. So far as life insurance is concerned, however, there appears no doubt that it is in a position to successfully meet whatever the next year may hold in store.

* * *

R. H. Reid

Managing director, London Life Insurance Co.

The postwar outlook for the life insurance business will to a considerable extent be dependent upon economic conditions then existing, so I shall confine my comments to the outlook for the coming year.

As was the case during the last war, the Canadian people are today extremely conscious of the value of life insurance. Although agency forces may be further curtailed during 1943, it is expected that the volume of new insurance written will be maintained at a satisfactory level.

A continuation of the gratifying trend toward record low levels for policy loans and terminations should result in further substantial gains in total assets. This will make possible a maximum contribution to Dominion financing, to which practically all the increasing funds of the life insurance companies are now devoted.

In the face of a serious depletion of manpower both in head offices and in the field, an intensive effort is being made to effect all possible economies in the the operations of the business as a whole. While it is hoped that all essential services will be maintained, present and prospective policyholders can assist greatly by abstaining from special requests.

* * *

V. R. Smith

General manager, Confederation Life Association.

During 1943 life insurance will probably be called upon, in even greater measure than in 1942, to serve the people of Canada in providing them with the protection that a life insurance policy gives.

That life insurance companies are placing in war bonds more than the entire increase in their assets is well known, and further, that every dollar placed in life insurance is an additional hedge against inflation is well understood. Canadians, in this war, have more dollars to spend and less goods upon which to spend them. People have, therefore, turned to life insurance with all the benefits it affords, and it is not surprising that 1942 shows increased business in force, lower surrenders, fewer lapses and reduced policy loans outstanding. The business of 1942 indicates further that a greatly increased number of those purchasing insurance were buying their first policy, in most cases for very modest amounts. The general trend in 1943 should pretty well follow that of 1942.

The companies, in general, are carrying on with reduced staffs, in a number of instances with less than before the war, both in head office and in the branches, and also in the sales services in the field. In the normal course, the staffs would have been substantially increased during that period. In addition, the character of the staff is changing. Trained members of the administrative staff are with the armed forces and in the service of their country in other capacities. The places of trained members of the clerical staff who have enlisted have been filled mainly with young girls, many under twenty, who, though keen and willing, lack experience. Thus the companies have been forced to curtail in a substantial measure services which they have been accustomed to render their policyowners. Many of these services, quite desirable in themselves, are out for the "duration." It is indeed probable that as this curtailment proceeds, the companies may have to seek the co-operation of their policyowners in a less complete, a less prompt and perhaps even a less efficient service than is being given today. For instance, it is likely that fewer reminders that premiums are falling due will be sent.

Nevertheless the companies expect to continue to give efficient service in all the essentials of the business, and particularly in the prompt payment of all claims. The future is being faced with confidence, and the companies are well prepared to withstand the strain of heavy war casualties or possible epidemics not unlikely to be experienced before the victory is won. The service the companies offer is still the best instrument ever devised to replace a man's earning power and to provide for his dependents in the event of his premature death.

* * *

W. H. Somerville

General manager, Mutual Life Assurance Co. of Canada.

A recent writer, in commenting on prospects for 1943, summed up his opinions, which are unusually well informed, by stating, "If all these forecasts prove to be right, that outcome will be a near miracle."

To attempt to forecast the trend—even in one line of business—is hazardous. This may be illustrated by the comparison of new life insurance issued in Canada and the United States during the successive months of 1942 relative to the corresponding figures of 1941.

It would be reasonable to presume that the effect of current events in these two countries would be similar, and yet the pattern of ordinary life insurance issued, month by month, in the two countries, is quite dissimilar. Canadian life insurance companies have experienced increased sales throughout the year, whereas the reverse is the situation in the United States. Thus, if the pattern of world events in 1943 follows that of 1942, it would hardly be safe to assume that in Canada the trend of increasing sales will continue. An uncertain feature will be the effect of prospective manpower regulations among those whose work is in large measure sales promotion.

While undoubtedly, and quite properly, there will be continued pressure throughout 1943 for savings for investment in war bonds, there will continue the necessity for many people of intelligent life underwriting for their economic security.

It is never wise, however, to attempt to force new business, as such forced business proves unsatisfactory to all parties interested.

Whatever situations the year 1943 may have in store for life insurance companies, there is no reason to think they are not as well fortified to deal with them, in these critical years, as they have been dealt with throughout similar situations in the past.

General Business

Walter P. Zeller

Chairman, Zeller's Ltd.

The year 1942 has been very satisfactory for the retail trade in general. Sales which have been lost on account of merchandise shortages have been more than offset by increased consumer spending power.

On the basis of this experience, we must conclude that the course of retail business next year will depend principally on the possibility of securing goods to sell. There still appears to be much uncertainty as to the kind and quantity of goods that will be produced for civilian consumption, and until something more definite is known in this regard, it is very difficult to forecast results.

As to the postwar years, I share the view that with the judicious withdrawal of Government economic restrictions and the re-establishment of business enterprise, peace should bring with it an era of unparalleled prosperity, which the retail trade must inevitably reflect. This, together with the new and more abundant products, which must result from advance in scientific research and increase in our industrial plant occasioned by the war, present most encouraging potentialities for the future of the retail business in this country.

* * *

H. J. Mackin

President, Canadian Western Lumber Co.

The lumber industry is today, as in the recent past, producing almost wholly for direct and indirect war efforts, and so far as one can forecast, this will continue for the duration.

With the coming of a victorious peace, no matter how long delayed, the pent-up demand for all the goods not now available for civilian use, should tax the capacity of peacetime traders for a very considerable time.

The principal problem today is shortage of manpower and this condition may become further aggravated as the war goes on, but with victory, manpower will be available to produce for use rather than for destruction.

* * *

E. C. Gilliat

Managing secretary, Winnipeg Board of Trade.

With business in a strait-jacket and the ultimate freedom of enterprise menaced from many quarters, it is timely to record the dawn of 1943 finds the principal boards of trade across Canada doing an essential war job from day to day, and fully alive to their postwar responsibilities. The new year finds these organizations alert, without political bias, in matters of public policy. Their individual members are putting punch and efficiency into Victory Loan, salvage, and other wartime drives.

Their executive officers, with limited resources, are rendering an interpretative service on wartime regulations which is of first-rate importance not only to members of their own organizations but also to the governmental agencies concerned.

It is obvious the field for constructive work by boards of trade, as the voice of organized business in large and small counties alike, will increase rather than diminish. It is equally obvious and appropriate to mention at this time when budgets are being considered, that to be fully effective these proven and well-tried agencies of business must be more adequately financed.

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NOTHING can equal the contribution and the sacrifice that our armed forces are making to preserve our democratic institutions and our very lives.

They, however, would be the first to realize their impotence without adequate equipment. The least we can do is to see to it that they fight the enemy on equal terms.

To do this puts a great onus on Canadian industry. General Steel Wares has long since gone into action with its great productive facilities for the skilled fabrication of a wide range of steel products needed in the Armed Forces. Millions of articles have already been produced and the output is increasing daily.

The disruption to our peacetime production is regrettable but inescapable — we cannot gamble with victory with everything else at stake. When that victory is achieved, our customers' interests will again be paramount.

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The Year Ahead — Banking

Banks Lend to Finance War

Further Rise in Bond Holdings Expected in 1943

By DONALD G. MACLEAN

With a large part of their energies now occupied in working for the government or war industries, Canadian chartered banks look forward to another busy year in 1943.

Private demand for credit may possibly shrink in coming months as non-essential industry and business decline, but Government demands for credit will likely increase as the war proceeds. The expectation is that the proportion of bank assets placed in commercial loans will steadily decline while the proportion invested in government bonds will increase. With interest derived from investments at a lower rate than that from good loans, it is not expected that earnings will do more than remain about the level of 1942.

Deposits

Government expenditures during the coming year will probably be above the 1942 level, national income seems likely to be at least maintained, and accordingly bank deposits should show further rises.

Annual statements of the banks that have appeared so far give an indication of what may be expected in the coming year. These reports, with few exceptions, show higher total assets, increased investments, lower loans, higher deposits and net profits, after taxes, lower than in the previous year. Staff problems have increased with more numerous enlistments, and this condition will probably be intensified in coming months. In an effort to offset the staff reduction and at the request of the Government, the banks' policy of closing branches will likely be continued throughout 1943.

War Financing

Most of the changes actual and probable are due in large measure to war financing. As the Government issues bonds and war industry expands, deposits increase. But as the government assumes the financing of the increasing volume of war industry and plant after plant is either closed or devoted to war purposes, private demand for credit declines. The banks have been forced to put a larger proportion of their funds in investments — war bonds—and a smaller proportion in loans. Assets are thus switched from loans at 5% to 6% (legal limit 7%) into bonds at 3%. On the other hand, a banker pointed out to The Financial Post, there is no question of loss in these investments.

According to the return of the chartered banks to the Minister of Finance, as at Oct. 31, the latest available, loans accounted for 23.5% of total assets and investments for 50%. On the same date last year, loans were 31.5% of total assets and investments 40%. This trend seems likely to continue during 1943.

Cash Resources

Apart from the changeover of many private plants to war work with the government financing their operations on war contracts, commercial loans are being curtailed by the increased cash resources of various business firms. Many such firms have been able to pay off outstanding loans and carry on without further borrowing. The same thing is reported in the case of many farmers, who have paid off loans in the past year.

Yet another factor affecting loans has been the late crop in the West. This delayed the demand for grain loans in the fall.

One thing that has helped to swell the volume of current loans in some months during the year has been the demand for credit by investors buying Victory bonds. In both the second and third Victory loan campaigns, there was a strong demand by investors for money to buy bonds. In some instances this demand came from large institutions such as the life insurance companies. The banks offered especially attractive terms and current loans swung upward on both occasions. These loans were paid off later, and generally carried the same interest rate as the bonds themselves.

Another factor, affecting total loans is a decline in call loans for speculative purposes. Whether this will increase or not depends on stock market developments. If stock markets become active, there should be a greater demand.

Provincial Borrowings

A fourth feature of the loan situation has been the decline in borrowing by both provincial and municipal governments. These latter have been able to finance with less resort to bank borrowing due to increased revenues and to war economies.

Interest rates generally have shown little change over the year but the trend if any is downward.

Bank deposits over the year have moved to new high levels the rise being mainly in demand deposits. Public deposits in Canada at the end of October were $3.3 billions against $2.7 billions, demand deposits being $1.6 billions against $1.1 billions and savings deposits $1.7 billions against $1.5 billions.

Deposits of both kinds declined sharply during the two Victory loan campaigns. But the increased income of the people and Canadian industry enabled savings deposits to recover quickly and demand deposits to rise to the highest levels on record.

One of the features of the year has been the reduction in bank branches in Canada from 3,299 to 3,133 at the end of November according to the Bank Directory of Canada.

As in the previous year bank taxes have swung sharply upward. All banks that have issued statements to date, show Dominion taxes substantially above the previous year.

Dividends Cut

A direct result of the heavier taxes imposed by the last Dominion budget in June was that all but the Bank of Toronto cut their dividend rates. This bank was able to maintain its dividend because its earnings in the years 1936 to 1939, inclusive, the basic period used in computing excess profits tax, had been sufficiently large that even with the regulation that a corporation can only retain 70% of its earnings for the basic period, it was able to maintain the former rate.

Weekly Bank Clearings

	Dec. 24 1942 $	Change Year ago %	Dec. 17 1942 $
Halifax	3,657,524	+4.9	3,500,190
Sherbrooke	977,321	+26.0	1,235,004
Quebec	6,007,243	+26.3	7,056,407
Montreal	128,739,432	+23.4	148,485,068
Ottawa	53,792,846	+52.1	49,313,779
Kingston	781,063	+10.4	854,029
Peterborough	965,653	+34.9	894,133
Toronto	146,576,940	+13.9	156,805,146
Hamilton	7,390,511	+0.9	7,387,772
St. Catharines	1,549,647	+25.3	1,462,309
Kitchener	1,299,236	+11.1	1,486,307
Brantford	1,219,917	+36.8	1,212,240
London	3,040,241	+20.4	3,843,281
Chatham	788,471	—16.8	868,580
Windsor	4,057,336	+7.0	4,489,798
Sudbury	1,271,963	+11.1	1,105,774
Sarnia	860,575	+20.6	712,722
St. John	2,867,897	+30.0	2,418,056
Moncton	1,140,693	—1.2	1,116,895
Fort William	1,166,464	+16.5	1,506,153
Winnipeg	56,785,634	+42.4	59,418,533
Brandon	504,272	+6.5	583,731
Regina	6,349,708	+49.1	5,319,789
Moose Jaw	966,144	+35.6	1,118,011
Saskatoon	1,531,400	+10.6	2,043,146
Prince Albert	608,962	+45.8	598,661
Edmonton	8,352,834	+61.8	7,378,920
Calgary	7,097,040	+15.9	8,800,802
Lethbridge	938,598	+45.1	1,059,661
N. W'minster	1,122,177	+24.7	1,024,389
Vancouver	30,633,788	+82.8	26,434,828
Victoria	2,195,097	+17.0	1,842,353
Medicine Hat	482,678	+21.0	476,581

Bank of Canada Investments Up

Total Assets Also Higher—Note Circulation at New High

An increase of $9 millions is shown in total investments of the Bank of Canada according to the statement for the week ended Dec. 23. The increase was entirely in short term issues probably reflecting market operations of the bank. Miscellaneous assets were down $1 million with the result that total assets were about $8 millions higher. On the liability side, note circulation rose to a new high at $692 millions.

	Dec. 23 1942 $	Dec. 16 1942 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	692,641,437	680,449,297
Rest fund	5,585,705	5,585,705
Deposits: Dom.	16,452,701	36,966,116
Banks	252,913,976	250,333,689
Other	27,961,000	13,581,463
Total deposits	297,327,686	300,881,268
All other	14,579,061	15,452,008
Total liabs.	1,015,133,919	1,007,368,278
Assets		
In Sterling & U.S.	500,907	500,907
Subsid. coin	67,025	86,169
Advances	1,750,000	2,250,000
Investments:		
Dom. gov. sh.	793,137,275	784,606,252
Other Dom. gov.	208,387,319	207,531,294
Total invest.	1,001,524,594	992,137,546
Premises	2,225,205	2,226,625
All other assets	9,066,198	10,167,021
Total assets	1,015,133,919	1,007,368,278

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THE MEN *we strive to serve...*

The Navy ... the Army ... the Air Force ... the Farmer ... have all done a grand job for Canada and the Allies ... but the job that lies ahead is even bigger.

AT HOME OR ABROAD; WHEREVER THE WAR IS BEING FOUGHT, COCKSHUTT PRODUCTS ARE IN THE THICK OF THINGS

In 1943, Cockshutt, with the co-operation of its coast-to-coast dealer organization, will do everything it can to assist Canadian agriculture maintain its production of food for the Allies.

The expansion of Cockshutt Aircraft Division has anticipated the demands of Canada at war so that now we are able to make important contributions to aeroplane building programs in this country, including those for the Mosquito and Lancaster.

Our Munitions Division continues to produce shells, many types of army truck and trailer bodies, as well as miscellaneous war goods.

COCKSHUTT PLOW COMPANY LIMITED
BRANTFORD ONTARIO

Business Leaders' Forecast For 1943

See also pages 7, 8, 12, 15, 19

Food Products

W. R. Drynan

President and general manager, Canadian Canners Ltd.

The canning industry in 1943 is expected to make a real effort to operate to the limit of its capacity. Tinplate, the essential product in canning operations, will be available for 1943 production.

The growing and canning operations next year will depend largely on the labor situation. Conditions were very unsatisfactory last year, (1942), but it is felt that in 1943 a lot of the difficulties experienced in 1942 operations can be corrected. In our own organization, most of our factory managers, except those in certain manufacturing war materials districts, are quite optimistic, both as to their ability to secure acreage from the growers, and their ability to deal with the labor situation. Of course, the most important item affecting the canning industry is that of weather. Our own opinion is that we are in a weather cycle and that conditions next year will not be dissimilar to 1942.

The production of canned foods in Canada in 1942 will be shown to be somewhat less than in 1941 and it has been practically impossible to take care of the demands for canned fruits and vegetables, not only for Canadian civil consumption, but also for export and for army, navy, air force and merchant marine business.

It was suggested earlier in the season that the answer to the food problem was dehydrated foods, but strange to say, there are dehydrating plants idle today owing to inability to secure orders. In any event, dehydrated fruits and vegetables are not the answer to consumer problems. There is great stress being laid on vitamins, and canned foods are much richer in vitamins than dried foods, for the very good reason that the vegetables and fruits for canning purposes are generally brought into the factories and processed a few hours after picking, whereas vegetables and fruits held in storage and then dehydrated lose a larger percentage of these vitamins.

In peace or war the public throughout the world depend largely on canned foods, and unless there is a definite shortage of tinplate and further prohibitions on canning, the industry will, in our opinion, be operating to capacity in 1943.

* * *

B. T. Huston

Editor, Canadian Grocer.

Grocery business in 1943 will depend largely on production. It won't be a case of being unable to sell everything that can be secured, but rather one of securing everything that can be sold. Earning power of Canadians will be high and in spite of higher taxes and enforced savings more money will be available among the masses. Food demands from the United Kingdom and the armed forces will be heavier and must first be filled; so that unless production is increased the quantity and variety of foods available for civilians will naturally be reduced. Many of the so-called "luxury" type foods have already disappeared.

In the past year the food trades suffered from shortages on such products as beef, pork, butter, canned fruits, canned vegetables, jams, sugar, tea, coffee—the latter three due to rationing—and it was only the public's anxiety to lay away available merchandise that sales have, on the whole, shown an increase. If domestic production or imports or both are increased, and the war continues throughout the year, business should be just as good or better. But it's a big "if."

Formation of a separate foods administration now being talked of in Ottawa would aid greatly in securing increased production and smoothing out ceiling difficulties. Meeting in Ottawa of the provincial ministers of agriculture to map out a planned production programme should help in part to secure increases where desired. Labor and equipment problems on the farm and in the canning factory will be the chief bottlenecks.

* * *

A. V. Loftus

General manager, Canada Bread Co.

Bakers of bread and cake, like other industries, have had many serious difficulties to overcome in the past three years. It is surprising how we have managed and at the same time enjoyed greater sales.

Many government restrictions have been placed on the baking industry but we believe that the majority of same have helped us in doing a better job.

One of our greatest difficulties is that of help, but we feel this has been very nearly overcome by the innovation of women workers in our plants. Women workers have entered wholeheartedly into every job given to them.

Another great difficulty is the shortage of many products used in the manufacture of bread and cakes. As the days go on this problem becomes greater — a 30% decrease in sugar, 30% decrease in raisins, no glucose, rationing of butter, etc., etc. A further problem is the maintenance of equipment when it is now almost impossible to secure many parts required. Despite these obstacles the Canadian public is still getting bread and cake of the finest quality.

What about after the war?

We believe the baking industry must prepare and prepare now. There will be no shortage of labor then, but there will be other problems with which to contend. I feel the bakers should now put their house in order, becoming still more efficient in keeping their costs, especially their delivery, to the very lowest point. The industry has enjoyed very good sales for many months past but this is attributable in a great measure to war conditions. With the public being rationed on sugar, etc., housewives are purchasing their cakes from the bakers whereas in many cases previous to the war they baked them themselves.

When the war ends I feel there will be a falling off of sales, so that the efficient methods which the bakers have put into their business in the past two years, such as curtailing costs, cutting out frills, cutting out unprofitable deliveries, etc., should never be forgotten. In postwar days we should continue along these lines and keep out all wasteful practices, giving the public the best bread and cake that can be made and, above all, selling them at a fair price.

It may be interesting to know that bread is one of the few foods which is still being sold at pre-war prices.

* * *

D. C. MacLachlan

President and general manager, Maple Leaf Milling Co.

Unlike most other Canadian industries, flour milling does not suffer from a lack of raw materials—Canada has an abundance of wheat of excellent quality.

At present Canadian mills are operating almost to capacity. This is largely due to the demand for export, which compares most favorably with the same quarter of last year, in spite of the fact that the United Kingdom produced 50% of her food requirements this year.

It is difficult to venture any forecasts as to the future of the milling industry—all depends on the demand for flour from abroad. However, during the postwar period of reconstruction there is bound to be a large demand for foodstuffs in countries which have been overrun, particularly Russia, where large wheat areas are now in the hands of the Germans.

* * *

K. A. Powell

President, Winnipeg Grain Exchange, and president, Hallet & Carey Ltd.

Due to the exigencies of the war the export outlets for Canadian wheat have been so curtailed that in the main the bulk of our exports for the time being are limited to shipments to the United Kingdom, with smaller streams going forward from time to time to neutral countries.

Export markets for coarse grains—oats, barley and rye—are practically non-existent except for a limited demand for oats and barley from United States feeders and maltsters. On the other hand, this loss in the export field has been largely offset in the case of oats and barley by our domestic needs, which have materially increased during the last year or two due to the heavier requirements of the livestock industry.

With the coming of peace, Canada will undoubtedly play an important role in directing its large stocks of foodstuffs to relieve the starving peoples of Europe and other lands. Problems of finance and distribution will be extensive, but in this direction Canada is fortunate, in that the organized grain trade has been held together and, in concert with the producers of this country, will do its full share in placing the grain industry on a sure and substantial foundation.

* * *

R. James Speers

President, R. James Speers Corp.

This year will find the Canadian farmer striving to answer his country's call for the increased production of certain classes of foods most urgently needed by Great Britain. This call will find the farmer greatly handicapped through the disappearance of farm machinery and experienced labor. Without these Canadian farm operations cannot proceed.

Canada's relative proximity to Great Britain has greatly increased our obligation as her food-producing ally, and in the discharge of this duty, serious and prompt consideration must be given to the maintenance of experienced farm labor on the land and having available, if not new machinery, necessary repairs for the old.

Canada's increased buying power, through greater employment at higher wages, has greatly stepped up Canada's consumption of food. The food carry-over in cold storage is below normal. Dressed meats and poultry in storage are insufficient to meet seasonal shortages on the domestic market. Great Britain's requirements of certain classes of foods from Canada are increasing.

Canada is blessed with an abundance of feed for livestock, particularly cereals. Notwithstanding this, dairy herds are being reduced. Hog production is on the decrease in eastern Canada. Dairy products, such as milk, butter and cheese, are already in receipt of bonuses from the Dominion Government. Special concessions are made to encourage the shipment of cereals from western Canada to eastern Canada to make possible the production of more hogs, cattle and dairy products.

All these efforts to stimulate production of certain food products, however worthy in their concept, will fall short of their goal if Canada fails to recognize the imperative need of preserving her experienced farm labor on the farm. There is no short cut to farm experience. If our 1943 quotas in food production are to be met, and the Canadian farmer is to answer his country's call, this cannot be achieved by Canada substituting bonuses for experienced farm help.

LUMBER HEAD

Landless Pratt, Montreal, who was elected vice-president of the Quebec Province Wholesale Lumber Association at the recent meeting held in Montreal.

General Manufacturing

I. I. Bruck

President, Bruck Silk Mills Ltd.

The rayon weaving industry has been called on to serve the armed forces and their auxiliaries, not only with materials for clothing and linings, but also with fabrics ranging from heavy rayon exploder bags to the finest of weaves for parachutes and parachute flares. This has naturally created a shortage of raw materials and manufacturing capacity for civilians, and as the war progresses, this shortage for the civilian market of necessity will become more acute.

On the supposition that the war will last another two or three years, it is evident that the surpluses of clothing and other textiles for civilians will be exhausted. Therefore, at the end of hostilities, our industry will again be called upon to exert all its efforts to furnish materials for the returned armed forces and their auxiliaries, as well as to supply the gap in civilian requirements which the war has created.

As productive machinery in our industry is running to full capacity and has been so running since the beginning of the war, and since replacement of machinery is out of the question at the present time, we feel that the necessity of keeping our plants in an up-to-the-minute condition is of prime importance not only to take care of the war effort, but also to be in a position to look after postwar business.

* * *

Col. H. Cockshutt

Chairman, Cockshutt Plow Co.

If the war lasts through 1943 we shall be exceedingly busy turning out war materials.

If peace comes it will be a different matter and there will be many serious problems facing manufacturers as they will have much spare space, including factory facilities of all kinds, which must be utilized for other purposes, if employment is to continue as at present.

Under the pressure of war production many younger men have been developed and have shown themselves capable of individual thought and action. Others with previous business experience, and now in uniform, will be coming home.

I suggest that it is time to commence planning whereby men of integrity, ability, energy and foresight may be afforded opportunity to engage in manufacturing. By having a way opened up for them to establish a future, they would be enabled to put to good use, at a fair charge, a part at least of the available surplus in buildings and equipment.

In many cases operating capital would require to be found by government, private interests, or in the form of bank credits. The development of new products and the finding of markets spell enterprise.

To accomplish this will require broad, co-operative effort. It is a big undertaking and the sooner commenced the greater are the prospects of success.

Our future course of action should be charted without delay.

* * *

D. Dunkelman

President and general manager, Tip Top Tailors, Ltd.

For many months past, and as long as the government wishes it, over 80% of the facilities of this business are engaged in the production of uniforms for the Armed Services. Obviously this will be our major project for 1943, which we all hope will be the year of victory. When peace does come, Tip Top Tailors will return to the exclusive production of made-to-measure clothes for the thousands of Canadian men and women who are now co-operating with the war effort by making the clothes they now have, last. We have plans for the introduction of new methods of production and merchandising which will increase values to the consumer. These plans will take more concrete form immediately after the war.

Are You Paying Too Little or Too Much?

What is the Proper Tax For Your Business to Pay?

To answer the questions involved in today's complicated tax setup, Molyneux L. Gordon, K.C., Toronto, has written this new and authoritative series of articles for The Financial Post.

Mr. Gordon has specialized on tax questions, and is the author of "Digest of Income Tax Cases of the British Commonwealth of Nations," published by the Department of National Revenue, Ottawa, 1939 with one supplement 1937-39 and another to appear next April. Mr. Gordon is also the author of, "Digest of Excess Profits Tax Cases of the British Commonwealth of Nations, 1942." Any of these works may be obtained on application to The Financial Post, Toronto.

Depreciation, Repairs and Improvements

ARTICLE NUMBER FIFTEEN

By MOLYNEUX L. GORDON

There is a wide difference between depreciation and repairs. The Canadian Act forbids the deduction of depreciation [1] except such an amount as the Minister in his discretion may allow. The discretion conferred upon the Minister is a judicial discretion and he is bound to treat everyone alike and to allow depreciation in all proper cases.[2]

The value of machinery and plant may depreciate for several reasons: because the machinery is worn out from use [3] such loss is clearly deductible whatever meaning you may choose to give to the word "depreciation."

Machinery in good working order may become obsolete and machinery is obsolete not because it is worn out but because someone has constructed machinery which will do the work more economically.[4] The Department does not recognize claims for obsolescence but it is quite possible that this practice is incorrect.

Obsolescence in Doubt

The Act states [5] that no deductions shall be made for any depreciation or obsolescence except as hereinotherwise provided. Obsolescence is not referred to anywhere else but as one meaning of the word "depreciation" would include obsolescence and other provisions of the Act permit the deduction of depreciation, it is quite possible that claims for obsolescence are deductible.

The question, however, only becomes of importance when you sell the machinery and replace it with something else because, if you retain possession of the machinery, you are usually permitted to deduct an annual charge for depreciation until the value has been written off. For this reason, in some cases, it might pay to keep the machinery rather than dispose of the same at a nominal figure.

A perplexing case is where machinery cannot be termed obsolete, but you can get something which suits your purpose better. This sort of case came up in England, but the English authorities are not very helpful because the English statutes contain a number of sections which define exactly what may be deducted on account of depreciation, while the Canadian statute leaves the matter to the discretion of the Minister.

In an English case, the South Metropolitan Gas Co.[6] purchased eight steamers during the Great War which were built to standard design and were not satisfactory. After the declaration of peace, they determined to replace these steamers by vessels specially designed for their use, and it was held that the loss was not deductible. The same ruling would probably be applied in Canada.

Stallions Don't Depreciate

It is important to remember that the word "depreciation" does not cover every kind of loss which may be suffered by reason of a thing growing old. For instance, Lord Derby owned two stallions called "Chaucer" and "Swynford" which he valued at £60,000 and it was held that [7] he was not entitled to deduct from the fees which these horses earned any allowance to compensate for the loss which he would sustain when they died.

In another English case,[8] the annual cost of dredging a harbor to keep it in working condition was held non-deductible.

On the other hand, if you receive a government grant to assist you in constructing your factory, you are entitled to deduct depreciation on the total value of the plant including the amount of such grant.[9]

Business Closed

If you close down your business, you cannot deduct depreciation from your other income [10] unless you are obliged to keep your factory in operating condition to meet an expected demand,[11] because the machinery was not being used for the purpose of earning profits. But this rule does not apply where you only close down part of your business.[12]

If, due to depressed conditions, you fail to make profits, you may cut your depreciation by 50% and, if due to war conditions you run two shifts, you will probably be allowed additional depreciation. You are also entitled to receive a special rate of depreciation on plant or machinery acquired for war purposes.

Depletion and Repairs

An allowance may be given for exhaustion or depletion in case of mines, oil and gas wells and timber limits [13] and in the case of companies, the shareholders in certain cases may deduct a depletion allowance from the dividends.

Repairs are not referred to in the Canadian statute. One would naturally think that the cost of repairs to a capital asset would be an expenditure of a capital nature, but repairs may be deducted because such deductions are universally considered proper.

Certain well-known principles have been laid down:

It frequently happens that a taxpayer has neither the time nor the funds to keep his machinery in repair. In such cases, the cost of repairs may be deducted in the year in which they are expended.[14]

Capital Outlay

If a machine is purchased in a dilapidated condition, the cost of putting it in working order is a capital outlay because the machine became out of repair when earning profits for the seller and not while earning profits for the buyer.[15]

In cases where a building is very much out of repair and is pulled down and a new one constructed, this is a replacement and not a repair and the whole cost must be charged to capital and the taxpayer is not entitled to deduct the estimated cost of the repairs which may have been necessary to put the old building in proper repair.[16]

In the case of rented machinery, if the cost of repairs is paid by the owner, this may be deducted from the rents as this is an expense incurred in earning the income;[17] but if the lessee is compelled to make the repairs, then it may be deducted from his profits in the same way as if he owned the machinery.[18]

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Your Income Tax

In this weekly column, The Financial Post answers problems you may have in connection with your business or personal income tax. In some cases, where official ruling has yet to be made, The Post can only cite informed opinion.

Widower's Tax

I am a widower with no children or dependents. I have an income of $7,000 a year including a government annuity for $700 taken out before June 25, 1940. On what amount would my normal and graduated tax be calculated?

Your normal tax would be computed by taking 9% of your total income of $7,000 less $700 or $6,300 net. The rate is 9% in your case because you are classed as a single man and your income is in excess of $3,000 per annum. Your graduated tax would be computed on $7,000 less the annuity of $700 less statutory exemption of $660, leaving a net taxable income of $5,640. The tax on the first $5,000 would be $1,975 and 50% on the remainder.

Taxes in Arrears

I am a doctor and make my living out of fees from my practice. I understand I am expected now to pay my income tax in four quarterly installments beginning Oct. 15. I was not aware of this at the time and so made no payment on Oct. 15. How can I adjust this?

You should make the payment due at once with interest at the rate of 5% per annum of the installment due. Your next payment is due Jan. 15 so possibly you could make two payments together. The way these installments are computed is to estimate your income for 1942, work out the amount of tax due. The first payment, due Oct. 15, would be one quarter of this. The second one, due Jan. 15, would also be one quarter. By the time the third payment is due, April 15, you will know definitely what your 1942 income was and should then pay half the balance of tax due remaining after deducting the two payments already made. The balance will then be payable July 15.

Bonds for Salary

An incorporated company in financial difficulties and unable to pay its executive officers the salary agreed on, offered in settlement bonds maturing at a future date. These were accepted and the financial condition of the company has since improved and interest on the bonds has since been paid. How should such receipts, both bonds and interest be treated for income tax purposes?

Both bonds and interest should be treated as income. How it should be distributed over the period, if this is more than one year, should be established after consultation with the income tax authorities in your district.

Living Expenses

I am a married woman whose residence is 80 miles out of the city in which I work. While in the city I have a room and eat out.

1. Can I deduct this extra expense from my income for income tax?

2. I have had to keep hired help to look after my home. Are the wages deductible?

3. I have a loan at the bank. If money is paid on principal and interest, can I deduct the payments from my income for tax purposes?

The answer to the first two questions is no. Neither of these payments is deductible for tax purposes. On the third question payments of principal would not be deductible. Payment of interest would be deductible if the money for which the note was given is used in earning your income, but not otherwise.

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Digest of Income Tax Cases of The British Commonwealth of Nations. Published by The Department of National Revenue, Ottawa, 1939, with a foreword by C. Fraser Elliott, K.C., Commissioner of Income Tax. Bound in buckram $3.00
Supplement 1937-39. Bound in buckram 4.75
Supplement 1939-42 (to be published April, 1943)
Digest of Excess Profits Tax Cases of The British Commonwealth of Nations, 1942. Bound in buckram 6.75

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CARRYING ON TO VICTORY

CANADIAN industry carries on to victory. Despite the regimentation and curtailment necessarily imposed by war, it carries on bravely and confidently, furnishing the wherewithal for the conflict—taxes, war loan and war savings subscriptions and wages. Canadian industry is the combined effort of employees and management.

The Ontario Paper Company is proud of its employees' record. 296 of them are serving in the Armed Forces. Those who remain behind are acquitting themselves loyally and generously in Red Cross work, First Aid Training and in the mechanics' and tradesmen's training classes provided by the Company for those who wish to fit themselves for war production work upon which the Company shops are engaged. All have responded to the limit in buying Victory Bonds and War Savings Certificates. Prior to the Third Victory Loan campaign, this is what they subscribed:

War Loans - - - - - - - - $539,600
War Savings Certificates - - - 204,902

In the Third Victory Loan campaign, recently closed, they bought $277,000 of bonds, setting a fast pace for others to follow. Note these newspaper comments on the accomplishment of the employees of the Company and its subsidiary, Quebec North Shore Paper Company:

BAIE COMEAU IS LOAN HIGH SPOT
One of the high spots of yesterday's reports came from the tiny Gulf town of Baie Comeau on the Lower St. Lawrence, where members of the community with a quota of $125,000 have already passed the $200,000 mark, the equivalent of 160 per cent. Baie Comeau, site of the Quebec North Shore Paper Company, has oversubscribed every loan drive since the beginning of the war. (The Montreal Star, Nov. 7, 1942).

HERON BAY MAKES 218% OF QUOTA
As an example of the enthusiasm with which the job of getting subscriptions in the final days of the Victory Loan campaign was carried out, it was stated that under the payroll savings plan The Ontario Paper Company at Heron Bay rolled up a return of 218 per cent of its quota, one of the highest in the Dominion. (Port Arthur News-Chronicle, Nov. 7, 1942).

To date the Company's subscriptions to the War Loans total $9,000,000.

... Linked with the Company's subscription is the generous support of the employees whose investments in Victory Loan bonds have once again oversubscribed their objective. The employee objective at Thorold was $47,800 and to date $55,000 has been subscribed with bonds still being purchased. (St. Catharines Standard, Nov. 2, 1942).

WAR SAVINGS CERTIFICATES are always on sale. Buy them to the limit.

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VICTORY

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FOR ALL the fighting services, the Company is building intricate and complicated battle equipment —guns, marine engines, aircraft instruments, searchlights, vital parts for tanks, planes and ships. It is manufacturing new and secret war devices...

TO SPEED and increase the output of war material in other plants, an impressive volume of industrial equipment is being manufactured – giant installations to generate and transmit more electrical power . . . apparatus to facilitate its use in war factories and industries producing vital war materials . . .

AND the Company's workers are active and enthusiastic in the support of patriotic causes. They are serving as air-raid wardens, firemen, emergency nurses and in other auxiliary services. They have signed up for hundreds of thousands of dollars worth of Victory Bonds and War Savings Certificates.

YES! Canadian General Electric and the men and women who man its machines and assembly lines are backing Canada's war effort to the limit of their capacity. All their facilities, all their determination, all their endeavour, stand pledged to one all-important objective – the hastening of Victory!

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Toronto, January 2, 1943

War Forces Climax in 1943

Drastic Tightening of Existing Controls a Strong Probability

Supreme Challenge Ahead As Year of Crisis Dawns

Barring Quick Victory, Next Year Will Be One of More Fluid Policies and Strategy, of More Rigid and Exacting Controls Over Men and Materials

By KENNETH R. WILSON

You don't need to have the gift of prophecy to see that the dominating question for 1943 is whether or not we will gain an "easy" victory during the year. If we do, our main problem will be readjustment to peace, providing free lunches for starving Europe and Asia, and reconstruction.

But if we don't, or if our attacks on a new "third front" somewhere in Europe prove unsuccessful, 1943 will be a year of drastic revision for all Canada's war machinery and all Canadians' ways of living. A great many issues that have been carried part way would have to be carried to the limit—manpower controls, concentration of industry, food restrictions, taxation of surplus income and so forth.

In brief, the basic issue for 1943 is not one of adjustment to war so much as the degree of energy to be applied now the adjustment has been effected. Experience and common sense indicate that the only sane course is to plan for the maximum.

On that assumption, here are some of the highlight probabilities of the coming year of climax and crisis:

1. War plans and production will be more fluid than in any previous year.

This is because participation of our troops in a major land offensive in 1943 will mark the end of "paper" war so far as munition and armament production in Canada is concerned and for the Canadian army itself.

When this new front opens in 1943, the plans of the strategists and the munition makers (excellent though they may be on paper) will be tossed into a fiery crucible. The inevitable result will be variations in plans, designs and production far beyond anything experienced heretofore.

2. Greater economy in the use of manpower and materials will dominate business and personal relationships.

The governing factor (still undecided even on paper) will be the manpower needs of the Canadian army. About two-thirds of Canada's armed service "paper" manpower programme is completed. The nature, tempo and extent of the remaining call-up will dominate a great number of other decisions.

Involved in this vital manpower decision are such matters as the extent of curtailment in non-essential civilian industry; the availability of manpower for primary industry, foodstuffs, etc.; decision on a new national registration; conscription for overseas service and the ultimate place of the reserve army in home defense. Here again, the actualities of the European front may force important decisions which so far the cabinet has been reluctant to make.

Material and foodstuff shortages will be linked increasingly to manpower.

Often overlooked is the fact that high wages and favorable working conditions make it relatively easy for war industry to get its quota of manpower. The shortages occur where these men and women come from. This centres the supply problem for 1943 on agriculture, coal mines, base metal properties, etc., where serious shortages threaten because of the drain of manpower into the services and war industry.

Rationing will be rapidly extended for three reasons:

(1) Because in some cases (meat for example) we will be forced to conform to U. S. policy.

(2) To avoid or correct maldistribution.

(3) To meet actual overall shortages of essential goods.

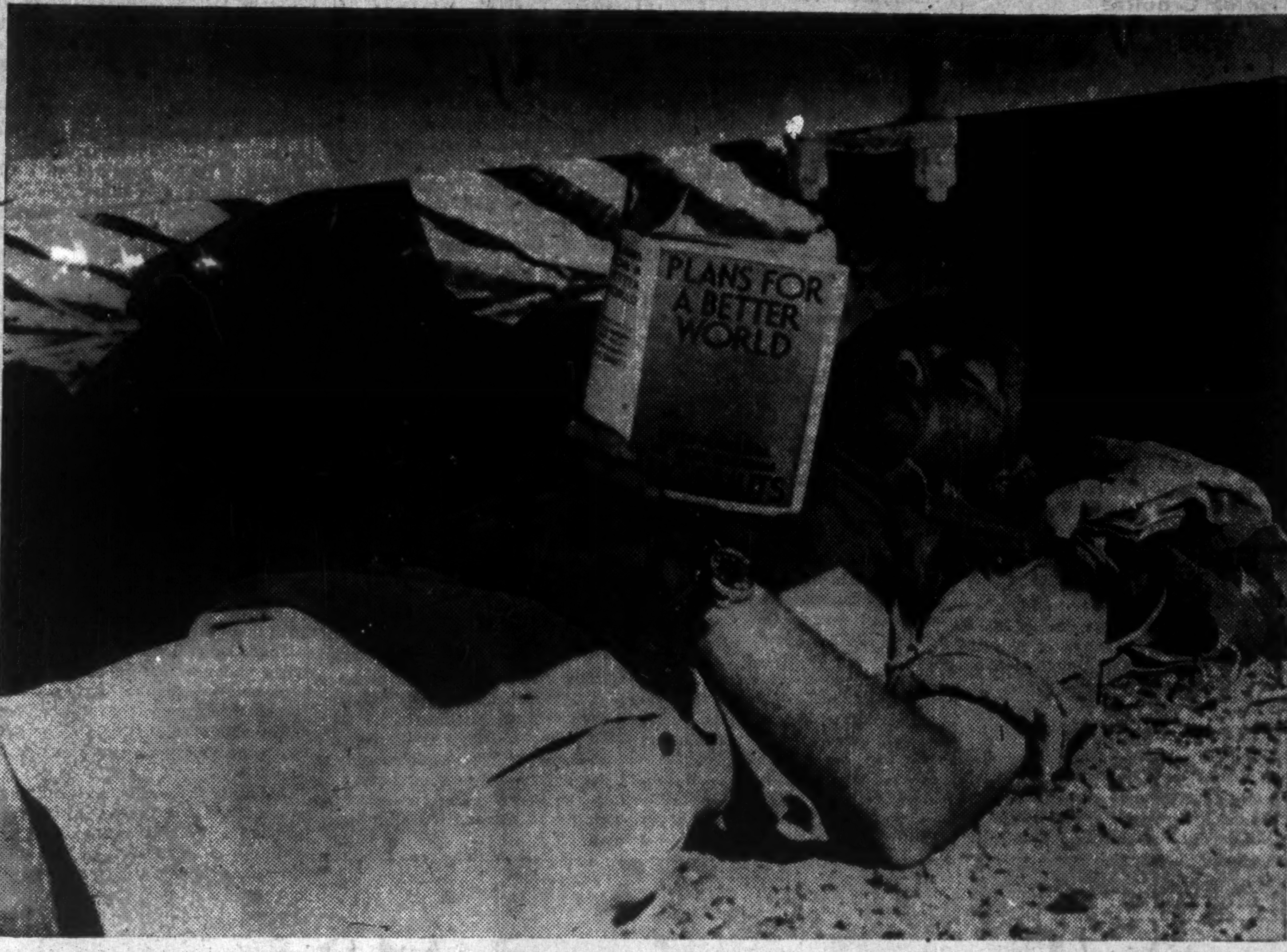
There will be no attempt to ration luxury goods apart from self-rationing by distributors, the public will be permitted to buy all but essential goods on the first-come-first-served principle. For clothing the point system is still considered the best plan once coupon rationing is introduced.

(3) In fiscal policy the key fact that has emerged from 1942 experience is that there is still too little saving.

This means that a new combination of increased taxes, compulsory and voluntary saving, must be worked out to tap an even larger share of national purchasing power.

In regard to taxes there has been some disappointment at the failure of sharply higher luxury taxes to curb consumer spending power in these lines. As well, the growing shortage of many such lines suggests that increasing reliance may have to be placed on wage deduction taxes and saving plans to channel off increased purchasing power.

So far as Victory Loans are concerned, the pattern of periodic "blitz" campaigns has now been firmly established. The next campaign is scheduled for May when most six-month installment and payroll deductions for the last loan will have been completed. After that, it is possible that the "gap" between campaigns may have to be even further narrowed. (In 1942, it will be remembered the gap was narrowed from 8 to 6 months.)


PLANS FOR A BETTER WORLD

Two big jobs for 1943—Winning the war and planning the peace are symbolized by this British desert fighter. The home front will be similarly occupied.

These Critical Decisions Will Face Us In 1943

MANPOWER—We will have to decide whether armed manpower is to reach its full potential, how far to concentrate industries, how to protect essential civilian industries.

MONEY—We must face the issue that we still have not diverted enough income from consumer spending, either by taxation or borrowing.

RATIONING—We must extend this through a much wider field, if only to obtain equitable distribution of the available supplies.

PRICE CEILINGS—We may have to invent new and drastic measures to support our ceilings in the face of short supplies of men and materials.

The Manpower Problem

Getting back to the basic manpower problem, one highly important area of uncertainty is the extent to which forces now working automatically to release manpower from "non-essential" industry, will be speeded up by arbitrary WPTB curtailment orders aimed to put the country on a so-called "iron rations" basis.

Clearly, when Donald Gordon announced the new "iron rations" policy last autumn, the intention at that time was to define a certain bare limit of essentiality ("the minimum necessary to sustain the life, health and morale of the civilian population") and work deliberately towards a rapid elimination of all production and manpower above that standard.

This has not been done.

There has been a speed-up in simplification and standardization of products and services which will continue on an accelerated and possibly radical scale in 1943. But for the most part, curtailment todate has been the automatic result of shortages of power, materials, etc., rather than a managed or deliberate elimination of non-essential jobs by WPTB fiat.

No Move by Ottawa

So far the government has not moved deliberately in this direction although the tone and temper of the Prime Minister's speech on alcoholic beverages suggests some action of this sort may be forthcoming in that industry. Reasons for delay are well-known:

(1) Fear that National Selective Service was incapable of handling transfers of men so thrown out of work.

(2) Indecision in the cabinet on army manpower policy.

(3) Earlier overestimation of manpower needs by war industry.

(4) Seasonal let-up in manpower requirements.

(5) Failure of the army draft to obtain its stated requirements with corresponding relief to overall manpower needs.

In 1942, there has been an increasing squeezing of manpower out of civilian industry as shown by monthly employment records. On Oct. 1, for example, out of 54 trade and industrial employment classifications, 23 reported fewer men employed than at the same date in 1941; 17 showed a decline compared with Sept. 1, 1942. There has been a steady increase in such declines over the past few months.

Apart from government action to bring about a deliberate lowering of living standards, the manpower tests which must be faced in 1943, involve a correct answer to these two questions:

1. Are those men and women who are on the move going into the right jobs?

2. Are the people who are on the move coming from the right places?

Unanswered Question

In 1942, the second question was left begging. Too much manpower moved out of coal mines, base metal properties, wood operations, agriculture. As a result, we face in 1943 dire and in many cases unnecessary shortages which could and might have been avoided.

The emphasis in 1943 will be on greater economy in manpower both in war and civilian industry in order to avoid unnecessary shifts and dislocations. War industry will reap in 1943, the fruits of its huge programme of conservation to save manpower and materials. Surplus labor is actually being shifted from certain war industries because more goods are being turned out with fewer workers.

Civilian industry is turning out 10% more goods with 15% smaller staff. This record will be harder to achieve in 1943. It will require increasing employer-employee co-operation and ingenuity to counteract the loss of healthy and in many cases skilled workers into the services.

The Rationing Problem

Where goods are in short supply, important decisions will have to be made in 1943 as to rationing versus increased simplification. A good example is clothing.

It is estimated that Canadian textile mills in 1943 will work 60% on government and war orders; 40% on civilian. This will mean insufficient material and goods to meet 1943 needs, even though level of operations is one-third to one-half greater than 1938 or 1939.

The present stage of standardization (now being rapidly extended) is to eliminate sufficient styles, lines, etc., to ensure economical "runs" of cloth, etc., in the mills. Yet introduction of a radical simplification programme to concentrate civilian textile production on a few standard types of essential clothing would probably permit available capacity to meet all needs without formal consumer rationing.

At this writing coupon rationing for clothes appears as a preferable alternative to complete standardization of clothing into a few basic "Victory" styles and types.

Food Shortages

The most acute shortages and areas which will require consumer rationing are still in foods (especially meats) rather than in clothing.

There is no present likelihood of Canada attempting formal control of inventory such as is being threatened in the United States. The basic principle outlined in a formal WPTB statement of policy on Oct. 13 regarding equitable distribution of goods in short supply still holds. This requires manufacturers and wholesalers to allocate available supplies "ratably" among customers on the basis of 1941 distribution. Within this general directive the policy will be to treat special situations individually rather than work out formal ration plans for supplies.

The Price Problem

In respect of the difficult and dangerous days which lie ahead for price control, the new policy outlined early in December calls for differentiation between essential consumable goods and non-essential and durable goods. The former are to be subsidized either by direct payments to producers to increase supply or reduce costs or by direct subsidy to the consumer (milk, tea, coffee, oranges) so as to stabilize the cost of living index.

Makers and distributors of non-essential or durable goods will be forced to operate, as a rule, without benefit of public subsidy although some relief may be granted by allowing more freedom to find a new higher level under the price ceiling, where costs have risen.

Cost factors which will play a very important factor in price control in 1943 are:

(1) The lower volume of civilian production and sales.

(2) Higher labor costs due in part to lower efficiency per worker.

(3) Use of new and higher cost materials.

(4) Use of substitute materials or processes.

Volume Decline

Crux of price control will be the anticipated decline in volume which will begin to have real impact in 1943. Till now most firms and industries have enjoyed rising sales volume under a year of price control. They have been able to meet increased consumer demand in part by drawing from big stockpiles. Now, inventories are declining and shortage of materials, manpower, etc., are beginning to show increasingly at all levels of production and distribution.

The price-cost "squeeze" of an overall price ceiling will grow very onerous. Business mortality will probably appear for the first time in any substantial scale—possibly on a scale prophetic of the casualties which developed in the last war after the close of hostilities. In this war much weeding out may take place earlier due to more rigorous control measures, the greater stringency of materials and manpower.

The Tax Problem

Taxable profits as well as the amount collectible in corporation profit taxes are expected to taper off or at least "flatten" in 1943. At present rates, tax collections are expected to fall away from present high levels early in or during 1943.

Some refinements in methods of tax collection (both personal and corporate) may be expected, but early adoption by Canada of the Ruml plan in toto is not thought probable. Canada has already gone two-thirds of the way towards adopting this plan and tax officials are largely in favor of adopting it in its entirety. It is argued, however, that from the viewpoint of public psychology it would be better to wait until the war's end to make the change. The plan would then be more appreciated by the rank and file of citizens who would welcome the relief of not having to meet eight months' back taxes in a period of declining income.

At Ottawa, bureaucratic administration will be on the defensive with the advent of John Bracken and the experience of men like Elliott Little who became a public and national example of the difficulties and dangers of going out on a bureaucratic limb. The entire machinery of wartime controls may undergo very considerable change and alteration if the present challenge to delegated authority argued recently before the Supreme Court is successfully upheld.

In brief, 1943 looms as a year of rapid and increasing change with greater effort, less profit, lowered living standards and perhaps victory as the reward.

How New Rulings Affect Canada's Liquor

Restrictions Bear More Heavily on Quantity Than Quality, Keep Sales in Line With Output

By STAFF WRITER

Under the new "temperance" rules, some Canadian drinkers may take a beating on the amount of alcoholic beverages they consume, may find the price a trifle higher, few of them will notice any deterioration in quality.

For some brands of whisky, the drop to 30% below proof will mean no change in alcoholic content at all, since many of the lower priced lines had already been cut to that figure.

But the great majority of the liquor sold in Canada has been 24.75% below proof, which works out to about 37.6% alcohol by volume, and will now have to be watered down to 30 below or 35% alcohol. The diluted liquor is roughly the same strength that you would get by pouring 2.8 ounces of water into a 40-ounce bottle of the old strength.

Same as U. K.

Only two of the commonly sold liquors are likely to show any appreciable differences when diluted. One type is the "overproof" rum, ranging up to about 60% alcohol by volume, which will now be cut nearly in half. The other is one of the best-known brands of Canadian rye whisky which has run 20.8% below proof for decades. The dilution factor in this whisky is roughly twice as great as for other brands.

During the last war, British distilleries cut their whiskies to the 30 underproof now mandatory in Canada, and did not raise the alcohol content after the war. Since then, Britain has been exporting whiskies to Canada with a slightly higher alcohol content than she has been consuming at home. Under the new rulings, Scotch sold to Canadians will be the same strength as that sold to Scotsmen.

Greatest inconvenience in the new liquor restrictions is the reduction in the amounts of all types of alcoholic beverages which are to be sold between now and the beginning of next November, particularly since the announcement of the restrictions was made retroactive by seven weeks. During those seven weeks, rumors of the coming restrictions were thick as flies, sales in many provinces boomed, and the result is that the year's quota will have to be spread considerably thinner in the later months.

The brewing industry seems to have fared best in the weeks during which the Prime Minister had been weighing his temperance policy. According to earlier reports, this industry was to have been cut back to the volume of sales of pre-war years. This would have meant a cut of possibly 40 or 50% from present levels. The actual cut as announced in the Prime Minister's speech is only 10% from the level of domestic sales established in the 12 months period ending Nov. 1, 1942. Export sales are not affected.

Back to Pre-war Levels

Both the liquor and wine industries are cut back to approximately prewar levels. But there are offsetting factors in each case which soften the blow.

In the case of spirits, the order merely formalizes a limitation as to sales and distribution which had already been implied by the earlier prohibition against further manufacture. The new order ensures that existing stocks of liquor are distributed evenly for the duration and may go far to avoid eventual individual rationing. Most if not all liquor commissions are well supplied with inventory and the new order (imposing a 30% cut in sales and distribution compared with the amount released for sale in the 12 months beginning Nov. 1, 1941) should ensure orderly distribution.

The cut of 20% in wine sales is less drastic than the present restriction on sugar. As sales are understood to be running ahead of 1941 and ahead of current production, the cut-back in sales should do little more than bring production in line with consumption.

How Wine is Affected

More serious is the prohibition on fortifying wines. Usual practice in the wine industry, not only in Canada but in other countries, has been to fortify wines by addition of brandy or spirits. It is done to protect the body and flavor of the wine as well as to bring the alcoholic content up to the maximum permitted. Wines are ordinarily permitted to ferment until alcoholic content reaches around 12%. If fermentation is allowed to go further the body of the wine is destroyed. Thus brandy or spirits are added which perform the dual function of halting fermentation and adding alcoholic content to bring the wines up to a maximum of 16%. Unsupported, fermentation can bring the alcoholic content to 14 to 14½%.

What the wineries can do to overcome the threat to the quality of their product has not been decided. A possibility might be to adopt a compromise under which fermentation would be allowed to proceed somewhat further than now done. This would increase the alcoholic content, but at some sacrifice of flavor and body. A decision does not have to be made at once as the 1942 grape crop is already made into wine.

How the cuts relate to policies already under consideration by the liquor companies, is suggested by a statement which H. C. Hatch, director of Canadian Industrial Alcohol Co., made at the recent annual meeting. He mentioned that that company was convinced it should ration its products to various markets and had worked out a quota system at about 85% of 1941 volume. This would be about 70% of 1942 volume or very close to the curtailment ordered by Ottawa.

Curtailment of liquor sales is spreading in the United States. Virginia has a system of rationing in effect. Utah limits buyers to one quart of liquor a week. North Carolina recently inaugurated a rationing system and some sections of Pennsylvania have also plans in effect. California has restricted the hours of sale in bars, and Michigan one of the few states in which liquor sales have not been limited, will probably take steps along this line early in 1943.

Provincial Finance

Although at least one province (Ontario) has indicated it will seek federal compensation for loss of revenue due to the new liquor restrictions, the "plight" of the provinces is not expected to be too serious. Important offsetting considerations are:

1. Liquor revenues have soared substantially since the Dominion-Provincial "deal" of 1941. There is therefore a considerable "cushion" on which the provinces can rest before liquor revenues get back to the level which prevailed at the time of the agreement and which is unquestionably the basis which the federal government would take into consideration in any future adjustment or compensation.

2. If they so desired, the provinces might increase their profit margins as a result of the new restriction. They might do this as follows: since the quality of spirit which can be sold has now been lowered (the new basis is 30% under proof against a previous average of about 24.75% for whisky) the price which the distillers will charge the provincial liquor commissions, will probably have to be reduced. Note that Dominion excise taxes are levied on "proof" spirits, i.e., on alcohol content, hence will automatically be reduced with the coming dilution. However, since there is no "ceiling" on liquor prices the commissions might feel justified in maintaining their present price lists and not passing on the reduction in cost to consumers.

Provincial liquor profits in current fiscal years are probably running between $45 and $50 millions for all provinces compared with $30 to $35 millions in the years immediately preceding the war, and a profit of $37.1 millions in 1940 (the period which the Dominion-Provincial agreement was used as a basis for negotiation).

Liquor Consumption

No figures have been published to show the actual consumption or distribution of liquor, wine and beer which will be permitted under the new order. The new basis is the amount of domestic and imported beverage alcohol released from bond and made available for sale in the 12 months ended Oct. 31, 1942. Nearest official approach to the actual figures is the amount made available for sale in the 12 months ending Aug., 1942. These figures with the approximate amount now allowed and a comparison with the 10-year average are as follows:

	10-year Pre-war Average† (gals.)	12 Months ending Aug., 1942 (gals.)	Approximate New Limits (gals.)
Spirits	2,677,000	5,000,000	3,500,000
Wine	3,611,000	3,900,000	3,120,000
Beer	55,840,000	110,400,000	100,000,000

†Average of years ending Mar. 31, 1931-40 inclusive.

Business Leaders' Forecast For 1943

See also pages 7, 8, 9, 15, 19

Paper and Paper Products

Arnold Ashton

President, Canadian Wallpaper Manufacturers Ltd.

The effect of the war on the wallpaper industry is somewhat unrelated to the fact that little or none of the materials used are vital to the war effort and to the further fact that the domestic demand for our product has become greater, due in part to the increased number of renovations and alterations of homes being made necessary by wartime conditions.

The most modern wallpaper plant on this continent has been requisitioned by the Dominion government for the production of vital war supplies. Manufacturing operations have been consolidated, with a consequent curtailment in production, and to effect still further economies in distribution and manufacture, wallpaper styles will remain unchanged until the war is over.

Despite these changes, the industry has been able, with greatly reduced staffs, to continue to supply at low cost an article of hygienic quality so necessary to the comfort and cleanliness of the home.

As to post-war conditions, there is already ample evidence that the countries more directly affected by war are looking to Canada as potential suppliers of wallpaper immediately hostilities cease, and on the resumption of full manufacturing operations, the industry is hoping to be in a position to play its part in the vast rehabilitation programme.

Harold Crabtree

President, Howard Smith Paper Mills Ltd.

The outlook for 1943 is clouded with uncertainty. Three main fundamentals in our industry are:

(1) Manpower.
(2) Raw materials.
(3) Hydro power.

All three of these are in great demand for essential war industries, and for the armed forces.

The restrictions concerning the use of each have already caused readjustments to be made in the industry, and it is only to be expected that more drastic moves may be required as the demands of war become greater. Under the circumstances, any forecast would be at the best but a guess. I can but express the hope that, notwithstanding the dislocation that might conceivably take place, we may still be able to operate on some fairly reasonable basis without in any way diminishing our efforts to give everything that is necessary to carrying on the war with the greatest vigor of which we are capable.

As to how "Peace" would affect our operations, there are so many unknown factors that enter into the situation that it is difficult to make any intelligent reply.

• • •

H. A. Nicholson

Editor and manager, Canadian Printer and Publisher.

No government figures have been issued to show the gross production volume of the printing, publishing and related industries during 1942, but all indications point to a slight decline in the foremost industrial provinces, Ontario and Quebec, due to curtailment of civilian supplies. The 965 plants in Ontario, out of Canada's 2,321 reporting to the government, account for 54% of Canada's total production. Quebec is next in line with 23% and 520 establishments.

The four western provinces account for more than $22 millions in production. Nova Scotia tops the Martime Provinces with nearly $3 millions.

Total value of production at the outbreak of the war was better than $119 millions; it increased to more than $126 millions in 1940 and improved over this in 1941 and then commenced to slip back slightly in the last half of the latter year.

A drop in paper and ink sales provides confirmation, though the decrease is not yet severe. Any curtailment on civilian supplies in 1943 will cause further decline. The $7 millions increase showed since 1939 is greatly due to printing required by the government departments, armed forces and armament plants.

Newspapers, magazines and business papers and all other periodicals face curtailed paper supply in 1943. All will be required or expected to reduce their consumption to a reasonable extent to help relieve the electrical and manpower shortage. The supply of paper for commercial printing of all kinds also will likely be cut.

Curtailment in so-called luxury advertising has reduced national linage volume, and depleted stocks and empty shelves in retail stores has caused a decline in local newspaper advertising. Government campaigns which proved successful in putting across victory loans made good much of the national and local linage losses. Some new advertisers also have taken the place of those who have curtailed their space or entirely dropped out of the advertising picture.

• • •

L. F. Winchell

Vice-president and general manager, Hinde & Dauch Paper Co. of Canada.

The products of the industries with which this company is affiliated are essential, to a major extent, under either wartime or peacetime economy. These industries, while operating under government-appointed administrators, have not felt, as yet, either directly or indirectly, the full force of controls that may become necessary to conserve manpower, electric power and transportation, but, by the same token, these controls may result in the industries being required to carry a load even greater than that heretofore carried, for paper and paperboard products are the most potential in packaging as substitutes for wood, tin, metal and such.

The miracles to be performed by paper products are many, and only now is the full force of this wartime packaging beginning to be appreciated by even the manufacturers thereof. Undoubtedly, a reappraisal of the essentiality of these industries is in the making, and I feel very definitely that their importance will be increased rather than lessened.

Pulp, paper and paper products represent Canada's biggest industry. The manufacturers therein are fully able to meet today's challenge and responsibility. New achievements of today and tomorrow should carry on into the peace period, with lasting benefits to Canada's overall economy.

Transport and Utilities

D. C. Coleman

President, Canadian Pacific Railway Co.

The outlook for the Canadian Pacific in 1943 may be appraised as favorable, though before the high mark of 1942 can be exceeded, gross earnings of $255 millions must be matched.

While new construction of war plants will doubtless level off, the large industrial capacity now in existence may be expected to push national output of munitions steadily upward and the movement of construction material will thus be replaced by manufactured articles.

The railways are now being called on to handle much traffic formerly moved by competing agencies. Restrictions and limitations, particularly on highway carriers, will persist and a continuation of traffic diversion is to be expected.

Further curtailment of consumer goods and continuation of the transfer of manpower to wartime necessities may be expected. Also during 1943 decisive military events may be within the bounds of reasonable expectation, with unpredictable changes in movements of commodities and military personnel.

The movement of wheat for export will continue at a low level. In 1942 Canada harvested her greatest wheat crop and now has in her elevators more wheat than at any previous time. When peace comes these supplies should move freely to meet the enormous pent-up requirements of Europe.

Whether the traffic as a whole will exceed last year's record will largely depend upon the progress of the war rather than upon any question of capacity of the company to render increased service. In making this assertion, I am confident the public may be relied upon to accept any restrictions imposed in the national interest to conserve equipment for its most effective use.

• • •

Thos. H. Hogg

Chairman, Hydro-Electric Power Commission of Ontario.

During the past year the Hydro-Electric Power Commission of Ontario expended $15 millions on new construction, bringing to $50 millions the total similarly invested since the war began. Increased power supplies of 139,000 horsepower were provided in 1942, and this additional power, together with mandatory and voluntary savings enabled Hydro to meet Ontario's increased war demonds.

The splendid help given by the citizens of Ontario in conserving electricity during recent months enabled Hydro to meet all demands from war industries without curtailment, excepting for minor cuts which took place before conservation became effective.

After the war it is hoped that when industry has made certain necessary adjustments, many technical achievements of the war years will be put to use in industry, in the home and in commercial enterprises and contribute to a speedy utilization in peacetime progress of the large blocks of power now being employed for war production.

• • •

John S. Norris

President, Montreal Light, Heat & Power Consolidated.

Montreal Light, Heat & Power Consolidated has expanded its generating capacity to the extent of approximately 225,000 h.p. since the outbreak of the war, with a corresponding increase, where necessary, in its transformation, transmission and distribution facilities, at a total cost of upwards of $12 millions. This has been financed by the company entirely on its own credit.

The company's electrical facilities, so expanded, are being fully utilized not only to meet the demands of the large number of war industries located directly in the area served by the company, but also to furnish power and energy for the production of aluminum in the Lake St. John district, over a billion kilowatt hours having been furnished in 1942 for this latter purpose.

It is to be expected that some recession in the demand for electrical energy will take place in the immediate postwar period, but I am hopeful that the public demand for peacetime goods (the manufacture of so many of which has been suspended in the interest of the war effort) will result in considerable industrial activity and will tend to offset to some extent the reduction in the so-called "war load."

• • •

H. C. Patten

General manager, Toronto Transportation Commission.

War has brought responsibilities to urban transportation which in scope and importance are second only to the magnificent production work in the factories, munition plants and shipbuilding yards of Toronto and adjoining districts. Men and women must get to their jobs.

Passenger carrying makes new records every week as gasoline and rubber rationing forces automobiles off the road. Eleven months of 1942 have already recorded a gain of over 40 million passengers over last year's figures of 193,608,478. 1942 will undoubtedly exceed the previous high record of the Commission in 1929 by over 31 millions, and will exceed 1933 by 90 million passengers.

No new street cars or buses are obtainable. The present fleet must carry the load. It is being done successfully by the co-operation of the public, staggered hours for many businesses, reduction in stops, increased speed, and other expedients.

As long as the war lasts and until private means of transportation can again take a share, urban transportation will continue at very high levels.

• • •

C. F. Sise

President, Bell Telephone Co. of Canada.

There is no present indication that there will be an early slowdown in business. On the contrary, as Canada's war effort continues to mount, the tide of industrial activity must keep pace. As everybody knows, telephone service is a vital factor in getting things done. Our concern is lest with a telephone plant that cannot grow because of the acute shortage of materials we should be unable to continue the standard of service on which the public has been accustomed to rely. We are making continuous appeal to our patrons to limit their calls, especially to centres of war activity, to those that are absolutely necessary. This is the only way we know of to protect the telephone service in the interest of Canada's war effort.

• • •

W. Dent Smith

President, Terminal Warehouses Ltd., owner and operator of Direct-Winters Transport.

Critical shortages in manpower, equipment and replacement parts, coupled with rising costs and higher taxes, under a fixed rate structure produce problems which challenge the ingenuity of motor transport operators to continue profitable operations in 1943. There will doubtless be a definite shortage of public motor transport facilities, brought about by the shortage of suitable help, inability to replace existing equipment necessitating more extensive repairs and maintenance to rolling stock, etc.

Despite the almost total disappearance of many consumer items which formerly moved by motor transport, this traffic should be more than offset by the carrying in public conveyances of materials formerly hauled by private carriers. The essential nature of the motor truck transportation industry is emphasized by an analysis of freight bills of representative Ontario Common Carriers in September showing that 74% of the traffic carried was for plants engaged in war work or military camps, depots and airports. Eighteen per cent was for essential civilian needs, such as foodstuffs, building materials, etc.

Should we be so fortunate as to bring this war to a successful conclusion in the year which lies ahead, labor shortages should be ameliorated, presumably the rate structure could be adjusted to compensate for the increased cost situation, and shortages of equipment and replacement parts would be eliminated. A large volume of traffic should continue to flow because the wartime traffic would be replaced by the normal peacetime motor truck traffic.

R. C. Vaughan

Chairman and president, Canadian National Railways.

The upward trend of the industrial activity, which began with the outbreak of war and which was so strongly marked in 1941, continued through 1942. New traffic records were created for each month, and the traffic volume for the year exceeds by a wide margin any previous experience.

It is interesting to note that while the 1942 volume of traffic exceeded that of 1928 by 44%, it was handled with 8.6% less staff, 25.9% fewer freight cars, 14.2% fewer passenger cars and 6.0% fewer locomotives than in 1928. Moreover, the fuel consumption in 1942 was less by 45,000 tons than in 1928.

The improvements to the property and the additions to its railway rolling stock have been confined to improving facilities to handle war traffic. Deliveries of new equipment have been slower than anticipated. During the year 70 new locomotives, 46 passenger, baggage and mail cars and 1,040 freight cars were acquired, and there are on order, undelivered, 53 locomotives and 5,250 freight cars. The experience of the Canadian National in that regard parallels the experience of the railway industry. It has become abundantly clear that the railways are the only agency capable of furnishing land transportation on the scale necessary to support the war effort. So far the railway industry in Canada and the United States has met the ever increasing demands for transportation, despite increasing difficulties in obtaining railway supplies and equipment. This, however, can only be continued if the railways are afforded priorities which will enable them to secure the necessary supplies and equipment.

The Year Ahead — Pulp and Paper

See Lower Tonnage in 1943

Pulp and Paper Earnings Hinge on Price Question

By JOHN E. LANGDON

MONTREAL. — Taking the pulp and paper industry as a whole, the output of all classes of pulp and paper on a tonnage basis undoubtedly will be lower in 1943 than was the case in 1942. It should be remembered that the output in the last three years has been well above average. An enforced curtailment in production due to manpower, power, shipping or pulpwood may limit operations rather sharply, but still leave production above prewar levels.

From the point of view of tonnage, the 1943 prospects range from fair to excellent, with the exceptions noted for certain divisions.

Effect on Earnings

With the anticipated decline in production of newsprint, fine papers, etc., overhead costs per unit must inevitably rise, thus affecting earning power of the operators in those fields.

Without a rise in the price of newsprint, especially on shipments to the American market, the outlook for a maintenance of earnings by the newsprint companies is not overly encouraging. With a price increase, earnings of the operators would be improved though it is difficult to conceive how an increase of even $10 a ton would result in any material change in net position.

Earnings of the fine paper manufacturers are likely to undergo a shrinkage this year, due not only to a drop in production but also to higher taxes; a factor which affects all companies.

Those operators mainly engaged in the high grade sulphite pulp, sulphate pulp and kraft paper, as well as board fields, should continue to do well, though it should be remembered that little gain is to be expected in production, while costs are still mounting.

Canada's pulp and paper industry faces a vastly different 12 months from that prevailing at this time a year ago.

Then the industry looked forward to near capacity demand for its output, with the prospect of rising prices.

Now the industry faces many problems which were not contemplated a year ago. Shipping difficulties have increased. Manpower has become acute. Costs have risen sharply. A power shortage has developed in several areas. Wood supplies are low. Production of paper products has been frozen at the average of the level existing between April and September.

There is no need of a prophet to forecast that production of pulp and paper products in Canada over the next 12 months will be appreciably under that prevailing in the past year.

Briefly the situation in respect to the major divisions is as follows:

Newsprint production in 1942 ran around 3.1 million tons, a drop of 325,000 tons from the 1941 returns.

No official figures are available on chemical pulp output for last year. Indications are production was up to the 1941 level, if not somewhat greater.

Fine paper production held up well, though the beyond-capacity demand existing earlier in 1942 fell away to a point where the manufacturers could take care of all demands.

Insulating board output was strongly maintained largely due to the heavy requirements of the armed services and of the British market.

Faces Many Adjustments

For the coming year the industry must adjust its operations to conform with manpower, wood supply, power and shipping conditions.

By and large the pulp and paper industry has been classed as non-essential in respect to manpower. However, as far as chemical pulps and board production are concerned, war demands ensure maximum production for some time to come.

Cut Power Supply

In the newsprint and fine paper divisions there has been a fairly sharp curtailment already in manpower employed. This has been brought about through limitation of the supply of power and difficulties in maintaining shipments, especially to overseas markets.

The shift of power from newsprint and fine paper plants to war industries in the St. Lawrence River Valley and southwestern Ontario has diverted large tonnages of paper to mills in areas which have not been affected by the power shortage.

In the newsprint industry alone some 150,000 h.p. of power has been diverted. In terms of capacity this means the automatic elimination of about 1,500 tons daily. The capacity of the whole newsprint industry is around 14,240 tons daily.

Pulpwood Scarcer

The pulpwood supply also has been a determinant in the extent of pulp and paper operations.

A serious shortage of lumber developed late last fall and manpower in the woods turned to getting out long logs rather than pulpwood.

No figures are available as yet concerning the decline in pulpwood production. This information will not be complete for another month or two. Meanwhile a drop of at least 25% is expected.

Shipping is Tight

There is no immediate relief in prospect for shipping. The worldwide scale of operations by the United Nations armed forces has severely limited cargo space for non-essential products.

Shipments of pulp and paper products, particularly newsprint, have been very irregular and greatly curtailed over the past year.

This situation also applies to coastwise shipping between Canada and the United States. Ordinarily a large share of the newsprint moves by water from Canadian mills to American publishers, but this form of transport has dwindled to very small proportions.

Newsprint Outlook

Taking all these factors into consideration, it is very doubtful if newsprint production in 1943 can be maintained at the "freeze" level, which represents just under 70% of capacity.

Both American and Canadian publishers have been warned of the difficulties facing this division. While no definite figure has been set, the publishers have been told that a cut of 24% may not be out of the way.

If production is curtailed to that extent, newsprint mills will not operate at much more than 55% of capacity this year.

The price of newsprint has been unchanged since the beginning of 1938. An attempt to secure a price increase a year ago was blocked by the price fixing authorities in the States.

Better Price Hoped

The situation as to price, at least from the operators' point of view, is now more encouraging. A spokesman of the U. S. War Production Board has informed American publishers to expect a price increase this year.

Even if the price is increased by $5 or $10 a ton, the position of the manufacturers will not be greatly improved in the face of the lower scale of operations. At best all the manufacturers can expect is to keep earnings on a basis permitting payment of fixed charges with a balance left over to maintain property.

Fine Papers Off

The outlook for the fine paper manufacturers is not very much better; operations and earnings for 1943 are expected to run behind those of 1942.

The tremendous buying splurge of a year ago turned out to be the accumulation of stocks by fine paper users, not actual consumption. As this situation became apparent, demand fell off and by mid-year the mills had caught up on orders.

The same set of conditions affecting the newsprint division apply with equal force to fine paper. The restriction in production as ordered by the Paper Administrator entails a forced cut from the 1941 level of output. Moreover, the trend of production over the next 12 months is expected to be downward from the "ceiling," as pulpwood and manpower supplies become more stringent.

Pulp Prospects Good

Conditions surrounding the chemical pulp division are more favorable. Ordinarily sulphite pulps go into the manufacture of finer grades of paper, rayon, etc. However, since the start of the war more and more of the higher grades have been used for the manufacture of nitrocellulose. In this connection pulp has taken the place of cotton in more than one plant.

Demand for the high grade sulphite pulps continues unabated and there is little likelihood of any change provided the manpower and supplies are available.

Need Kraft Products

Allied to sulphite are the sulphate pulps, used in making kraft papers. These papers, in turn, have been employed to an increasing extent for wrapping munitions.

Prospects for the kraft division continue favorable and while some falling off in production may occur before the year-end, indications are that output will hold to a high level.

Board in Demand

Insulating board has been in heavy demand by the armed forces for semi-permanent shelters. In addition huge quantities have been shipped to Britain where it has been used for temporary shelters in bombed areas.

The adaptability of this product has opened up a market which has been greatly widened by the war.

Though the tonnage of board produced has been of record proportions ever since the war started, the demand has shown no signs of slackening. Yet with the major building projects completed, the need for board will tend to ease over the months ahead.

A Good Name

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THE PROVINCIAL BANK OF CANADA

Condensed Statement — 30th November 1942

ASSETS

Cash on hand—(Notes and cheques on other banks and notes of the Bank of Canada)	$ 6,535,418.06
Deposits with other banks	3,893,984.47
	$10,429,402.53
Dominion and Provincial Governments direct and guaranteed securities maturing within two years	16,890,883.72
Other Dominion and Provincial Governments direct and guaranteed securities maturing beyond two years	11,872,592.55
Canadian Municipal securities	9,793,665.75
Other bonds, debentures and stocks	1,481,388.75
Call and short loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover	2,975,703.53
Deposit with the Minister of Finance	106,971.60
	$53,550,608.43
Loans and discounts in Canada, including advances to Municipalities and School Districts	16,139,340.10
Liabilities of customers under letters of credit and other assets	167,693.00
Real Estate other than Bank Premises, and Mortgages	630,425.39
Bank Premises	2,037,856.76
	$72,525,923.68

LIABILITIES

Deposits not bearing interest	$21,199,609.10
Deposits bearing interest	44,187,346.60
Notes of the Bank in circulation	1,773,683.00
Deposits and balances due to Banks in Foreign Countries	33,625.12
Letters of credit outstanding and other Liabilities to the public	66,282.20
	$67,260,546.02
Dividends due Shareholders	53,601.52
Capital Paid Up	4,000,000.00
Reserve Fund and Surplus	1,211,776.14
	$72,525,923.68

THE GENERAL MANAGER,
THE PROVINCIAL BANK OF CANADA.

The above is a condensed statement of the Balance Sheet submitted to the Shareholders which has been compared with the books of the Head-Office and with the certified Branch Returns. We have obtained all the information and explanations that we have required. In our opinion, the transactions of the Bank which have come under our notice have been within the powers of the Bank and the above statement discloses the true condition of the Bank and is as shown by the books of the Bank.

Montreal, December 19th, 1942.

(Signed) JACQUES LARUE, C.A.
" J. C. ANDERSON, L.I.A.

PROFIT AND LOSS ACCOUNT
30th November 1942

Balance at credit of Profit and Loss Account — November 29th, 1941		$210,763.42
Profits for the year ended 30th November 1942, after making appropriations to contingency accounts, out of which accounts full provision for bad and doubtful debts has been made	$467,794.04	
Provision for Dominion Government taxes, (of which $6,579.61 is refundable under the provisions of the Excess Profits Tax Act)	186,781.32	281,012.72
		$491,776.14
LESS:		
Written off real estate	$ 50,000.00	
Dividends paid and payable	230,000.00	280,000.00
Balance at credit, 30th November 1942		$211,776.14

(Signed) J. R. CHOQUET,
Chief Accountant.

FOR THE BOARD OF DIRECTORS,
(Signed) CHS. A. ROY, *President*
" J. U. BOYER, *General Manager*

LONDON CALLING

WRITTEN EACH WEEK EXCLUSIVELY FOR THE FINANCIAL POST BY Adelphi

LONDON. — Cliveden (pronounce it Cleeveden) the famous home of Lady Astor and her "set," is being given by Lord Astor to the National Trust. The gift includes the endowment needed for upkeep. With the house Lord Astor is giving many of the furnishings, among them, the tapestries in the great Hall, as well as fine examples of Lely and other masters.

Cliveden woods, with their mile-long frontage on the Thames, are also part of the gift.

Lord Astor is not reserving any legal interest but relies on the trust to leave him and his family in occupation as long as they wish to remain. It was this semi-understanding which caused a vicious attack on the Astors from The Communist Daily Worker. That journal, which recently had its publication ban removed, declares that the Astors are contriving to maintain their lordly country house for themselves and their children without having to pay taxes or death duties.

Poor Nancy Astor has a genius for attracting lightning, but this is a mean insinuation that does not bear scrutiny. The Cliveden estate could have been sold for a vast fortune and it is quite obvious that Lord Astor only asks for the privilege of living there until, after the war, he can secure a more modest country house. Even so the trust could turn him out tomorrow, and, undoubtedly, it will expect the Astors to vacate within a reasonable period.

I am sorry for all the "behind the news" reporters in America who did so well out of the "Cliveden Set." They will have to find some new political spy centre. Actually the Astors were never politically powerful—nor are they now. Their one newspaper is The Observer, which has the smallest circulation of any London Sunday journal. Certainly, their lovely home, with its terraces overlooking the Thames, was a gathering place for political personalities, but the Astors had no power with which to threaten or dictate.

* * *

A Hero's Death

A young American in a small town in the west enlisted in the Royal Air Force. He was just a nice, quiet-spoken young fellow with no pretensions to glory or fame. He merely had an idea that the world was in trouble, and he ought to help to put it right.

One day recently he was testing a machine over London when the engine failed. He had plenty of time to bail out and save his life but the plane would have come down in the crowded streets. So he stayed with it and managed to guide it, gliding perilously low over the roof tops to a clear patch of ground. There he crashed and was killed.

In the House of Commons last week Mr. Eden paid tribute to his memory. Deep cheers swept the assembly and there were tears in many eyes. The boy who had set out from the west had become a symbolic figure. . . . A strange and moving ending to a simple story.

* * *

Bennett Returns

Richard Bennett is back from Canada, and the House of Lords has recovered its full dignity. I ran into him at Westminster, and adjourned to the dining room of the Upper House, where we had an austere meal served by an elderly woman who did her best. Lord Bennett is teetotal but he does not force his abstinence upon his guests. He is also a very light eater.

LRD BENNETT

He told me many fine things about Canada, and one realized how much his heart remained in the Dominion. As head of the Canadian Red Cross in London he had a special word of praise for the magnificent packing of parcels that goes on every week in Canada. Apparently "R. B." did not meet Mr. Mackenzie King. That is a pity. They would have had much to talk about.

Incidentally, London is much interested in the future of the Progressive Conservative party in Canada. It is realized that Conservatives everywhere are going through a difficult period. There is a cry of "new lamps for old" without much consideration as to whether the new ones will give as good a light.

* * *

Baxter's Play

There was an extraordinary first night for Beverley Baxter's play, "It Happened in September," at St. James' Theatre, London. The lord chancellor was there, as well as Lord Woolton, the food minister, Sir Kingsley Wood, the chancellor of the exchequer and many M.P's. There were six ambassadors as well as most of the editors and proprietors of Fleet Street, and every inch of the famous old theatre was packed.

The play got a mixed reception. The press was equally divided, some critics praising it highly and others condemning it without mercy. It remains now for the public to give its verdict. But everyone was agreed that the audience was brilliant.

* * *

Indefatigible Hostess

Lady Cunard has returned from her native America and the exhausted veins of London's social life will receive a sharp injection. Lady Cunard, though, will find the corpse a little difficult to revive. With taxis almost non-procurable and with private cars out of commission the entertainment problem is acute. Your guests may reach your house for dinner but how to get them home is a horrible problem — and women don't like walking home in the dark.

Lady Cunard is what is known as an indefatigible hostess, and, certainly, in her day she has summoned the great, the famous and notorious to her table. Her conversational approach to men has never been surpassed, "You are a famous man and I am nobody. You know everything and I know nothing, so be patient with me." This is a beautiful opening to a conversation. It is only a pity that so few women realize it.

Among Lady Cunard's activities is grand opera. She took Covent Garden and Sir Thomas Beecham under her wing many years ago and has helped to discover people every year to help meet the deficit. She and Sir Thomas are great friends, both being martinets and agreed upon almost nothing.

New Wartime Regulations

Post Summary of Latest Rulings from Ottawa

EGGS. W.P.T.B. order 212, Nov. 23, fixes maximum prices for eggs at the various major delivery points in Canada. W.P.T.B. chairman, Donald Gordon.

* * *

NEWSPRINT. W.P.T.B. order 213, Dec. 1, amends order 170, respecting allocation of newsprint production to manufacturers. The amendment provides that the administrator of newsprint shall "effect a distribution of the benefits and burdens of such allocation" in the manner he deems most equitable. He is empowered to require manufacturers, as a term or condition of a permit, to remit to other manufacturers or the Commodity Prices Stabilization Corp. such amounts of money as he may designate. This would be to compensate manufacturers seriously hit by restrictive orders. W.P.T.B. chairman, Donald Gordon.

* * *

ORANGES. W.P.T.B. order 215, Dec. 7, fixes maximum prices for oranges. W.P.T.B. chairman, Donald Gordon.

* * *

USED BEER BOTTLES IN N. B. AND N. S. W.P.T.B. Order A-505, Dec. 7. No person may purchase beer bottles in New Brunswick for shipment to any other province without permission in writing from the commissioner of the N. B. liquor board. No person may purchase beer bottles in Nova Scotia for shipment to any other province without permission from the chief commissioner of the N. S. liquor commission. Adm. of Used Goods, A. Godfrey.

* * *

WOMEN'S, MISSES' AND CHILDREN'S WEAR. W.P.T.B. Order A-511, Dec. 9, amends Order A-475 and provides that the administrator, by permit in writing, may grant such exemption "in whole or in part" from any provision of A-475 "in special cases of individual hardship as he may deem proper and in the public interest." Adm. of Women's, Misses' and Children's Wear, J. A. Klein.

* * *

WOMEN'S, MISSES' AND CHILDREN'S WEAR. W.P.T.B. Order A-512, Dec. 9, amends Order A-474 to provide that the administrator may grant exemptions by written permit. It also amends certain sections relating to manufacturing restrictions. Adm. of Women's, Misses' and Children's Clothing, J. A. Klein.

* * *

MAXIMUM RENTALS AND TERMINATION OF LEASES. W.P.T.B. order 108, Dec. 10, consolidates and amends the various rent control orders. W.P.T.B. chairman, Donald Gordon.

* * *

MACARONI PRICES. W.P.T.B. order A517, Dec. 12, fixes maximum wholesale and retail prices for macaroni products. Foods Adm., J. G. Taggart.

* * *

IDENTIFICATION TAGS. M. & S. order C.S. 26F, Dec. 15, amends earlier orders to permit the manufacture of metal tags, badges or discs for identifying persons employed in industrial plants and tags, badges and discs for identification of livestock and poultry. They may, however, only be made of uncoated steel or inferior types of tinplate or terne plate. Deputy Con. of Supplies, J. H. Lamprey.

MOTOR VEHICLE REPAIR. W.P.T.B. Order A-528, Dec. 21, provides that certain classes of motor vehicles shall have preference in repair garages. Vehicles of the armed forces top the list, with other vehicles following in order of essentiality. Adm. of Motor Vehicles, J. H. Berry.

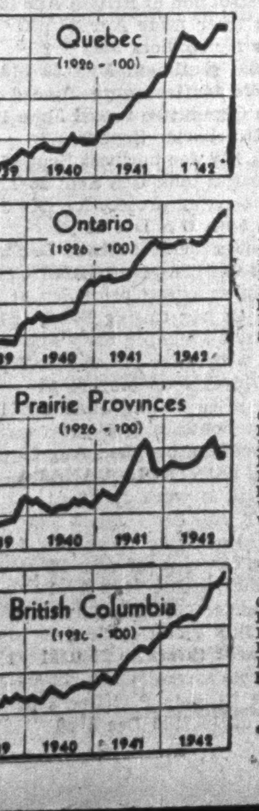
* * *

CALIFORNIA FIGS. W. P. T. B. order A-527, Dec. 18, fixes maximum prices for California figs. Foods Adm., J. G. Taggart.

Most Economic Areas Show November Gains

In four out of the five economic areas in Canada, November brought further gains in general business activity, according to The Financial Post's indices. Only in Quebec was there any recession, and there it was confined to half a point, thus holding close to the level of the last three months. In Ontario, the Maritimes, and British Columbia the highest peaks were reached since data was first accumulated in 1925. In the Prairies there was an advance of minor proportions in November, but higher levels were shown in July, 1941, and August, 1942.

In the Maritimes, unusually heavy construction contracts affected the index. All areas with the exception of Ontario show gains in construction contracts after seasonal adjustment. Electricity output was up in Quebec, Ontario, and the Prairies. Bank debits, owing to heavy payments on the third Victory Loan, were much higher in November. Boot and shoe and meat packing industries in Ontario and Quebec were higher, while cotton textiles and newsprint were lower. Gain in wheat receipts in country elevators after seasonal adjustment was 5.3%.



Trend of Business in Economic Areas

	Nov., 1942	% Change Nov., 1941	Oct., 1942
Maritimes:			
Constr. contr. ...... $	2,687,000	+55.0	1,480,000
Bldg. permits ...... $	127,000	—99.9	313,000
Life ins. sales .. $000	3,993	+31.4	3,755
Bank debits . $000,000	107.8	+26.5	97.5
Elec. pwr. . kw.h.000	3,048	+4.2	2,752
Employment*	185.2	+5.6	172.2
Index	211.1	+11.9	204.2
Quebec:			
Constr. contr. ...... $	6,243,000	+5.2	6,056,000
Bldg permits ...... $	1,590,000	—58.4	2,031,000
Life ins. sales .. $000	14,807	+21.3	17,159
Bank debits . $000,000	1,413	+46.6	1,144
Elec. pwr. . kw.h.000	44,034	+18.9	42,716
Employment*	194.5	+11.8	192.8
Newsprint prod., tons	251,147	—16.4	271,555
Cotton consump., lb.	16,064,484	—3.5	16,542,759
Index	215.0	+13.5	215.5
Ontario:			
Constr. contr. ..... $	7,789,000	—24.6	11,537,000
Bldg. permits ..... $	4,562,000	+12.7	4,926,000
Life ins. sales .. $000	21,501	+9.3	24,208
Bank debits . $000,000	2,390	+49.6	1,907
Elec. pwr. . k.w.h. 000	32,624	+0.7	31,838
Employment*	184.7	+7.1	183.0
Livest'k slaughterings*	222.0	—6.1	202.5
Steel prod'n. net tons	270,812	+9.2	271,172
Index	196.4	+9.7	194.9
Prairie Provinces:			
Constr. contr. ...... $	1,574,000	—60.2	1,594,000
Bldg. permits ...... $	808,000	—45.0	799,000
Life ins. sales ... $000	6,981	+6.3	7,041
Bank debits . $000,000	763	+34.6	671
Elec. pwr. k.w.h. 000	7,092	+14.2	6,531
Employment*	139.0	+3.5	143.1
Wheat receipts ... bu.	29,973,000	+0.5	61,547,000
Wheat prices**	90/4	+23.5	90
Index	*157.6	+6.6	157.1
British Columbia			
Constr. contr. ...... $	3,793,000	+307.4	746,000
Bldg. permits ...... $	537,000	—29.8	364,000
Life ins. sales ... $000	4,051	+35.9	4,986
Bank debits . $000,000	283.5	+36.7	254.0
Elec. pwr. . k.w.h. 000	7,418	+1.7	7,399
Employment*	183.6	+22.9	179.4
Index	187.0	+20.1	182.9

*1926=100. Employment statistics apply to preceding month.

**Cents and eighths of a cent per bushel.

FACTORY MANAGER

William H. Watkins has been appointed factory manager of McKinnon Industries Ltd., St. Catharines, Ont., a subsidiary of General Motors. Mr. Watkins has been connected with the industry for 30 years, joining General Motors in 1933. He was formerly general superintendent and assistant factory manager at the McKinnon plant.

Royal Bank Returns Set All-time Record Figure

Royal Bank of Canada had assets at the end of November totalling $1,291 millions.

The financial statement for the year reveals a gain of over $215 millions in assets. Outstanding was an increase in Dominion Government deposits from $31.4 millions to over $144 millions. Provincial Governments' deposits also increased, while demand deposits jumped $92 millions. Interest-bearing deposits showed only a relatively small increase.

The bank's holdings of short-term government securities advanced from $209.0 millions to $319.3 millions, while other government securities increased by $37 millions to $52 millions.

Current loans and discounts showed a comparatively small increase. Of more interest was the gain in call loans outside of Canada from $16 to $23 millions. On the other hand current loans outside of Canada dropped from $75 millions to $59 millions.

Net Profits Down

Net earnings of the Bank did not keep pace with the increase in assets, as was to be expected in view of lower interest rates, increased operating charges, etc. Revenues of $5.4 millions were practically the same as in the preceding year. Taxes moved up to just over $2 millions, of which $34,751 are refundable. Earnings on the capital stock after deducting premises write-off amounted to $7.64, as against dividends paid of $7.50 a share. The year before the Bank earned $8.03 and paid $8.00 a share.

Profit and Loss Account
Years Ended Nov. 30

	1942 $	1941 $
Net earnings	5,404,289	5,423,154
Less: Tax reserve ..	*2,014,166	1,892,225
Pension fund	315,000	325,000
Net profit	3,075,123	3,210,929
Less: Dividends	2,625,000	2,800,000
W/o premises	400,000	400,000
Surplus	50,123	10,929
Previous surplus ...	3,209,075	3,198,146
Surplus forward	3,259,198	3,209,075

*$34,751 is refundable.

	1942	1941
Earned per share after premises write-offs .	$7.64	$8.03
Paid per share	7.50	8.00

Balance Sheet Changes

Assets	1942 $	1941 $
B. of C. notes	30,157,050	23,616,848
B. of C. deposit	71,527,152	62,925,378
Due by banks	65,719,393	73,547,539
Govt. secs. (short) .	319,318,682	209,903,172
Other govt. secs. ...	200,482,663	161,328,787
Public secs.	52,872,120	13,849,028
Other secs.	33,140,596	31,449,227
Call loans (elsewhere)	23,523,562	16,484,998
Current loans (Can.)	255,148,401	241,782,846
Do., (elsewhere) .	59,276,982	75,554,656
Liabilities		
Dom. Govt. deposits	144,192,823	31,385,429
Prov. Govt. deposits	17,392,485	11,538,097
Deposits, demand ..	576,594,382	484,749,276
Deposits (int. bear.)	425,973,022	417,403,400
Due banks abroad .	17,047,534	11,008,127
Notes in circulation	18,271,281	22,325,890

Life Agency Officers Elect R. G. McDonald

R. G. McDonald, superintendent Canada Life Assurance Co., was elected to the executive of the Association of Life Agency Officers at its annual meeting in Chicago. Mr. McDonald has been with the agency department of the Canada Life for 31 years.

Your Investments

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Southern Canada Power

I have in mind making a small investment and among stocks considered is that of Southern Canada Power Co. I would like you to let me have your views on this company.

Southern Canada Power Co.'s record of operations and earnings for a period of several years has been favorable. Since 1933 gross income has increased about 50%, though the same ratio of increase has not applied to earnings on the capital stock because of higher taxes.

The company has been able to maintain dividends on the common stock on a regular basis since 1923. While operations of the system have been affected somewhat by the demand for power created by war conditions, the additional load represents a smaller proportion of the total load than is the case with many other of the major power systems.

Can. West. Lumber

Some information on Canadian Western Lumber Co., with particular reference to dividend prospects for the common, would be appreciated.

Canadian Western Lumber Co. reported improved operations in 1941, and earned enough to pay the full 5% interest on its 5% cumulative income debenture stock with a small balance carried forward. There are arrears of $3.8 millions accumulated on this stock, payable when net earnings are available prior to maturity. There is also a 5% first mortgage debenture issue, due Dec. 1, 1945, of which $963,405 was outstanding at the end of 1941.

The fact that these heavy obligations rank ahead of the common stock leaves little prospect that common shareholders will receive any return for some time to come. Demand for lumber continues high but labor difficulties have made it hard for producers to satisfy their customers.

Consolidated Paper

I would appreciate your comment on the common stock of Consolidated Paper Corp.

Consolidated Paper common is still a speculative issue even though very marked improvement has been made in the past several years in straightening out the company's financial difficulties. A substantial net working capital position has been built up, placing the company in the strongest position it has ever been in to meet any adverse developments that may arise out of war conditions. For the current year operations and earnings have been on a smaller basis than in 1941. Just now the newsprint industry is going through a period of concentration of operations in order to make available for the war effort more manpower, hydro power and materials. Accordingly it is difficult to make an accurate appraisal of the company's position at this particular time.

Bathurst

Will you let me have a report on the current operations and earnings of Bathurst Power & Paper Co.?

Bathurst Power & Paper Co.'s volume of business continues to hold up in a satisfactory manner. There is no indication of a falling off in orders and expectations are the financial statement for 1942 will compare favorably with that for 1941, when $2.30 a share was earned on the class A stock. For the first six months of this year net earnings after depreciation and depletion, but before taxes, totalled $881,282. This compared with $645,203 in the like period of 1941. As at June 30 last, net working capital totalled nearly $4. millions, an increase of more than $300,000 compared with that reported at the end of 1941.

Canada Malting

How is Canada Malting Co. making out under wartime conditions?

Canada Malting Co. has a record of steady earnings and strong financial position. The company's market is found largely with the breweries and to somewhat lesser extent, with distillers. Thus its immediate outlook depends on what action, if any, is taken in restricting the scale of operations in breweries. An order already announced limits use of malt for beer production to last year's levels. The company has paid $2.50 a share in dividends each year since 1935 and has been able to report this earned each year.

Canadian Industries Ltd. final dividend for 1942 of $1.25 a share brings total distribution for the year to $5.75. This contrasts with $6.25 in 1941, reflecting increased taxes.

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Assets Exceed $66,000,000.

Index to Major Articles in The Financial Post During 1942

Prepared by BEATRICE HAMILTON, Librarian, The Financial Post

Herewith The Financial Post publishes, for the first time, an annual index. Listed here are only the special articles appearing in the 52 issues of 1942. To list all articles and all items of business importance appearing in last year's issues of The Post would require a list more than ten times as long. Selected for listing here are those major articles which have a general and continuing value for businessmen, industrialists and students of Canadian business and public affairs. None of these is cross-indexed.

ABSENTEEISM
Work losses mount Aug 29 p2
How to reduce it Nov 7 p8
Should it be offense Nov 14 p3
How John Inglis fights Nov 21 p7
ADVERTISING—CANADA
Tax arrangement on Jan 31 p1
Contributed ads Mar 14 p1
Advertising has big duty May 16 p1
Advertising tax rulings May 30 p1
Rules cleared Sept 19 p1
Legal tangle on signs Nov 7 p1
Plans for war advertising Nov 14 p13
Views its war job Nov 21 p5
Helps loan success Nov 7 p2
ADVERTISING— U S
Tax credit on Export ad Dec 26 p1
AGRICULTURE—CANADA
Farmers scan new plan Mar 28 p13
West return to weat? Apr 11 p9
U.S. co-op on farm policy Apr 18 p15
Joint Grain Plan Apr 25 p37
Temporary farm help June 6 p28
West sees good year June 6 p11
Grain transport tight June 27 p13
New crop balance June 27 p21
Billion bushel crop Aug 15 p15
Market problems loom Aug 22 p13
AGRICULTURE—ELEVATORS
Earnings pointing down June 6 p5
Elevators rate cut hits Sept 19 p13
Elevator congestion Oct 17 p17
AGRICULTURE—IMPLEMENTS
Implement quota Feb 21 p15
Aid manpower shortage June 27 p22
Aids mechanized war June 27 p25
AGRICULTURE—GRAIN
U.S. field grain mkt Mar 15 p21
Ban short selling Nov 14 p15
Movement delayed Dec 5 p13
G. moves down the lakes Dec 12 p17
AGRICULTURE—QUEBEC
War & Q. farms Feb 7 p31
AGRICULTURE—WHEAT
Wheat for alcohol Apr 25 p p25
Decline in carryover June 13 p12
Appraising new agree't July 11 p13
What should be done Sept 13 p3
Future for wheat Nov 21 p13
Behind the wheat cut Dec 19 p13
AGRICULTURE—WHEAT—MARKETING
Wheat board sets rules June 20 p11
Allotment puzzle July 18 p9
Adjusts to new prices July 25 p11
ALBERTA—FINANCE
Budgets for surplus Mar 7 p5
Dept talks fruitless June 13 p1
ALLOY METALS
Help in armament July 25 p20
ALUMINUM
Bauxite sources Mar 21 p14
War and peace metal July 25 p25
Aluminum vs newsprint Sept 26 p3
ARMAMENTS—CANADA
War and B C output Jan 17 p2
War output report Mar 28 p16
War effort round up April 25 p2
Deal with U S May 9 p1
Two years after Dunkirk May 30 p15
Clarify place joint bd June 6 p1
Industry breaks bottlenecks July 25
Guns, equipment, Sept 26 p10
Industry spreads wings Sept 26 p44
War output Oct 3 p1
War industry shortages Oct 24 p3
New production plans Nov 14 p1
Allied output plan Dec 5 p1
Howe highlights output Dec. 5 p5
Carmichael reviews 1942 output Dec 26 p2
Govt appraises 1943 output Dec 26 p13
ARMAMENTS—GUNS
Rifles and machine guns Mar 28 p17
Anti-aircraft guns Mar 28 p19
Speed 25-pounder Mar 28 p21
Production report July 25 p28
Guns for victory Dec 26 p21
Small arms output Dec 26 p22
ARMAMENTS—MACHINE TOOLS
Facts for laymen Mar 28 p25
ARMAMENTS—SHELLS AND EXPLOSIVES
Produce 30 types of shells Mar 28 p18
Bomb plant Elec Steels Mar 28 p20
Fuses do brainwork Mar 28 p22
Our war output Mar 28 p 22
Explos—peace industry Apr 25 p22
We build better bullets June 27 p19
Bundles for Hitler Dec 26 p16
ARMAMENTS—SPECIAL EQUIPMENT
Research Enterprises Apr. 25 p8
ARMAMENT—TANKS.
Speed tank output Feb 28 p18
Big battlewagons Dec 26 p15
ARMAMENT—VEHICLES
Swing to fighting vehicles Feb 28 p19
Challenge for engineers Feb 28 p21
War production Feb 28 p23
Our trucks hit Rommel Nov 21 p1
Transport for fighters Dec 26 p21
ARMAMENTS— GT BRITAIN
Blasting bottlenecks Jan 17 p11
Lyttelton reports on June 27 p30
British war factories Oct 3 p11
ARMAMENTS—U S
Raise our output Jan 10 p1
Production plan of Jan 10 p9
U S war plan Jan 17 p1
Britain laid foundations May 16 p9
Blazes new peace trail Sept 26 p3
WPB victory aids Can Oct 3 p11
Revamp strategy Oct 31 p1
Army, WPB bury hachet Nov. 28 p1
Battle now won Dec 19 p1
ARMED SERVICES—ENLISTMENTS
Highest in Maritimes Dec 26 p1
ARMY—CANADA
Draftees as volunteers May 23 p9
Our army overseas June 27 p17
Needs bring manp'er crises Jul 4 p1
Royal Can Corp of Sig Aug 29 p21
How to make attractive Oct 17 p3
ARMY—CASC
Can Army Serv Corps June 27 p20
ARMY—ORDNANCE
Keep 'em Rolling May 30 p19
Repair work of July 25 p24
ASBESTOS
Strategic war material May 2 p15
AUSTRALIA
Industrial effect war Feb 28 p12
War effort of Nov 28 p24
AUTOMOBILES
Used car values Jan 10 p11
War and car values Feb 28 p21
As source of revenue Feb 28 p23
Used car price plan May 30 p1
Garages into war plants Sept 26 p 31
Postwar changes few Dec 12 p7
AVIATION
Japan's air strength Jan 31 p23
New designs necessary? Aug 1 p1
Our air routes vital Aug 22 p9
AVIATION—AIR TRAINING PLAN
Pooling air strength May 16 p9
BCATP schools Sept 26 p47
Study unified plan Nov 28 p1
Battle for Emp air routes Dec 26 p7
AVIATION—CANADA—MILITARY
Airplane overhaul Jan 31 p21
Chain of air fields Jan 31 p25
Engines for Jan 31 p30
How effic our avia ind? Apr 14 p4
Our plane output May 30 p18
New metals for Mars Dec 26 p20
AVIATION—GREAT BRITAIN
Now hold their air Feb 14 p11
BANKS—CANADA
Banks study economies June 27 p9
Efficiency in cheques Apr 4 p10
How they invest Feb 28 p5
Municipal borrowing down Jan 3 p8
Where loans go Feb p 14
Loans to provinces down Apr 18 p17
Is depos's money lent? June 20 p9
BANKS—SECURITIES
What's ahead for Mar 28 p8
BANKS—STAFF
More women clerks May 23 p8
BASE METALS
U K sells to Russia Jan 3 p14
Record output indicated Jan 3 p15
Quebec's output Jan 10 p15
U S finances mines here July 4 p14
Flow still increases Aug 29 p23
Base metal miners Sept 26 p 24
Metal output Oct 31 p31
BASE METALS—LABOR
Need more miners Aug 22 p14
Higher wages for miners Nov 21 p14
BICYCLES
Getting a bicycle Feb 21 p1
Revival of May 30 p 27
BONDS—CORPORATION
Some acting well May 30 p5
BONDS—FOREIGN
F $ bonds in default May 30 p5
BONDS—GOVERNMENT
Bond price action Jan 24 p2
$664 millions maturities Jan 24 p5
Provincials, record of May 9 p5
BRAZIL
Investments and new ally Aug 29 p4
B C—GOVERNMENT
New harmony in B C Jan 3 p16
B C—JAPANESE
B C worried about Jan 10 p1
Problem for Ottawa Jan 17 p1
BUILDING—CANADA
Gain of 14% Jan 17 p7
Further ban on Feb 7 p1
War work of industry Apr 25 p4
BUILDING—GREAT BRITAIN
U K houses war workers Apr 25 p23
BUILDING—PLUMBING AND HEATING
How P & H met war need Apr 25 p5
BUILDING—WARTIME HOUSING
Fires imagination Apr 25 p12
Key job in war effort Apr 25 p10
Its approach to problem Aug 8 p9
What it has done Nov 7 p11
The community problem Nov 14 p8
BUSINESS INDEX
War changes its makeup Dec 12 p7
CAMOUFLAGE
Science of Nov 28 p 25
CANADA—CIVIL SERVICE
Work of Trade Com'ers June 27 p32
90,000 work for Dominion July 25 p1
CANADA—CONSTITUTION
What changes needed? July 4, p3
CANADA—FINANCE
Needs for 1942 Jan 24 p1
Canada's gift to U K Jan 31 p1
Spending continues Feb 28 p1
New budget to be stiff May 23 p1
Budget highlights June 27 p1
Voluntary saving June 27 p1
Big cash balance July 4 p1
Ordinary expenditures up July 4 p5
Output upsets estimates Dec 5 p1
CANADA—FINANCE—DEBT
Canada's per capita debt Feb 21 p5
Debt climbing Mar 14 p5
Refunding plans July 11 p5
CANADA—FOREIGN AFFAIRS—UNITED STATES
U S can lend here Feb 28 p1
United front with U S Sept 26 p7
Partnership victory aid Sept 26 p41
Can joins war board Oct 10 p5
Can wins big concession Oct 17 p1
Canada now on joint board Nov 7 p1
CANADA—GOVERNMENT
Air force administration Jan 31 p29
How improve Senate Feb 28 p15
Change in M & S May 30 p1
What's wrong with H of C June 20 p3
What's wrong with Parl? July 18 p24
Need strong opposition Aug 1 p16
Should Parl adjourn? Aug 8 p3
Don't shackle Parl Aug 22 p16
National Defense for Air Sept 26 p45
Dept of M & S Sept 26 p12
Our war machinery Sept 26 p20
COAL—CANADA
Hoarding of, patriotic Apr 4 p1
Sets output record June 20 p21
Mines hit stride June 20 p17
COPPER
Uses of restricted June 6 p12
CHROMIUM
Chromium process Sept 5 p15
COMMUNICATIONS—GENERAL
Key in war production Aug 29 p20
Speeding words of war Oct 31 p20
CONSERVATIVE PARTY
Port Hope Rally Sept 12 p1
Port Hope Rally Oct 3 p18
Coming struggle Nov 7 p11
Winnipeg cross curents Dec 12 p1
Can Bracken do the job? Dec 19 p9
Platform, war policy Dec 26 p1
CREDIT UNIONS—QUEBEC
Quebec lending Feb 7 p18
Assets of expand Feb 21 p11
EARNINGS—CORPORATION
Oil companies May 2 p4
How taxes hit July 11 p4
Show increase Dec 19 p1
EDUCATION
War and private schools Oct 10 p13
ShouldArts be closed Aug 15 p3
War and universities Dec 5 p9
EFFICIENCY—INDUSTRIAL
Harnessing waste energy Jan 3 p9
Cutting waste Apr 25 p6
Need greater output Apr 25 p21
Cutting war plant waste Sept 12 p1
War industry savings Oct 17 p5
Time and motion studies Oct 17 p7
Big war plant savings Oct 24 p27
Creating job enthusiasm Nov 28 p27
Brit need time, motion studies Dec 26 p4
ELECTRIC POWER—CANADA
New 1941 installations Jan 3 p11
Keystone in war effort Feb 7 p24
Now linked by grid Feb 28 p12
Cuts use of electricity Mar 21 p1
Power shift coming Apr 18 p1
Expropriation plan May 2 p1
Negotiations start May 9 p1
Water supply better July 4 p11
More curbs for July 11 p1
Power plans ready Sept 12 p2
Dimout plans Sept 19 p7
Primary war industry Oct 31, p23
Facing shortage Jan 31 p1
EMPLOYMENT
Price of full employment? Dec 26 p4
FINANCE—FOREIGN EXCHANGE
Capital moves blocked Mar 14 p1
Equalizing dollars Mar 21 p1
We transfer sterling June 13 p10
Our exchange load June 27 p1
U S cleans up free supply July 25 p9
Dollar sign buried? Nov 14 p11
FINANCE—PROVINCIAL
War hits Feb 7 p5
Can they cut down? Aug 8 p5
FINANCE—WAR
W F of other Dominions Aug 22 p4
FINANCE—WAR LOANS
Big employee drive Feb 7 p3
Backstage work for Feb 14 p4
Employee savings Feb 28 p2
How loan put over Feb 28 p13
Big employee purchases Mar 7 p2
Banks help Mar 7 p9
Victory loan triumph Mar 14 p1
Taps vs blitz Apr 18 p1
Ottawa plans for May 2 p5
War Fin Committe May 23 p1
War loans needs Aug 8 p9
Selling methods Aug 22 p3
Farm drive Sept 26 p25
Seeking $1.8 billion Sept 26 p46
Third Victory Loan Oct 10 p11
Third Victory Loan Oct 17 p11
Farm response low Nov 7 p1
Success of Nov 21 p1
Aids for next drive Nov 28 p1
FINANCE— WAR LOANS— U S
U S follows Can Dec 19 p 3
FINANCE—WAR SAVINGS
Retailers aid drive Apr. 11 p1
Need $100 millions month Apr 25 p29
Substitutes for loans Dec 5 p3
FISHING—B C
Salmon runs Feb 21 p16
Salmon for Britain Mar 14 p7
B C salmon contracts May 23 p11
Plan for big catch May 30 p4
Commis bring salmon back Dec 26 p4
FOOD
Farm interests hold Ottawa Apr 4 p1
Dehydrated foods May 16 p7
War in pantry June 27 p24
For U K bread basket June 27 p26
Next winter's supply Aug 22 p7
Industries in transition Oct 24 p17
FDR names boss Dec 12 p1
1943 problem Dec 26 p22
FOOD—APPLES
Growers and war June 20 p18
FOOD—BEVERAGES
Beverage habits change Sept 5 p7
FOOD—MEAT
Price ceiling impasse Apr 18 p1
Demands on producers June 7 p23
Bacon quota may be short Aug 29 p1
Beef shortage tightens Sept 5 p7
Meat shortages Oct 3 p10
Meat supply impasse Oct 3 p11
Beef battle rages Oct 17 p1
Meat packers pushed Oct 24 p18
FOOD—POTATOES
Potatoes pay their way June 20 p24
FOOD—SECURITIES
Buying food shares Oct 24 p9
FRANCE
Fighting French Sept 26 p43
GAS—NATURAL
War brings new uses Oct 31 p22
GASOLINE
Increasing shortage Feb 7 p1
Gasoline for armies Feb 28 p20
Gas drivers disappointed Apr 4 p1
Use less on year Sept 26 p26
GERMANY
Should G people be punish Oct 24 p4
GOLD—CANADA
Still glitters officially Jan 17 p1
Dr J B Tyrrell on gold Jan 17 p18
No Ottawa doubt on Feb 21 p1
How gold fights Feb 21 p17
War effort Apr 11 p19
Offsetting output cuts May 16 p15
Rates frozen July 4 p1
Gold policy moderates Oct 31 p1
Gold stocks rally Dec 5 p15
GOLD—LABOR
Labor now crucial factor Aug 1 p14
Gold mines may lose men Oct 10 p19
Manpower shift Oct 24 p1
How many gold mining Oct 24 p20
Mine securities rally Dec 12 p19
GOLD—CANADA—PRODUCTION
Dominion gold p Mar 7 p18
GOLD—ONTARIO—PRODUCTION
Drops 11.43% first 6 mons Aug 8 p14
GOLD—SECURITIES
Mines' frozen assets July 18 p23
Comeback for G stocks Aug 29 p13
Costs and reserves Oct 17 p18
GOLD STANDARD
Return mooted Jan 31 p9
GOVERNMENT—ELECTIONS
Compulsory voting May 16 p3
Campaign funds Dec. 19 p3
GOVERNMENT—MUNICIPAL
Job for 1942 Jan 10 p3
Can they stand strain? Mar 7 p5
Expanding war work Oct 10 p5
War job local govt Oct 31 p27
GREAT BRITAIN—FINANCE
Fighting govt waste Feb 7 p16
GREAT BRITAIN-FOREIGN AFFAIRS-U S
Free trade, same cur'cy June 13 p1
HANDICRAFTS
Maritime industry June 20 p28
HEALTH
How cli'ate shapes living Oct 24 p10
HIGHWAYS—ALASKA
U S columnists slaps Can Mar 21 p1
Answers U S writers Apr 11 p1
War opens new frontier Sept 5 p9
HIGHWAYS—ONTARIO
Trucks move war goods Sept 19 p1
HIGHWAYS—QUEBEC
Pushes highways Feb 7 p26
HOLIDAYS
Should they be deferred? Mar 28 p3
Holidays in war May 23 p16
HOTEL RESTAURANT INDUSTRY
Feeling price squeeze Aug 1 p7
IMMIGRATION—CANADA
Policy for postwar Nov 28 p3
Do we want imm? Dec 12 p11
INDIA
War effort of Oct 31 p28
INDUSTRY—CANADA
War opens new horizons Aug 29 p17
INDUSTRY—ANNUAL REPORTS
Making most of Oct 17 p9
INDUSTRY—CAPITAL ASSISTANCE
Plant expansion Mar 7 p20
INDUSTRY—CONCENTRATION
Cutting down costs Mar 7 p11
How Britain concentrated Mar 7 p11
How U K concentrated Aug 1 p11
Some firms to be closed Aug 15 p1
More cuts for non-essen's Aug 22 p1
Chisholm takes over Sept 12 p1
Cuts for civilian trade Sept 26 p25
Will your plant be closed Sept 26 p37
Draft of reductions Oct 3 p1
Survey occupations Oct 3 p1
Chief outlines plan Oct 3 p5
Business to submit plans Oct 10 p1
Are plans held up Oct 17 p1
Plan ready soon Oct 24 p1
Ease curtailment plan Nov 7 p1
Pulp to be guinea pig Nov 7 p12
U K industry plan Nov 21 p1
C of U K financial inst Nov 21 p1
Bankers to cut service Nov 21 p8
Kennet plan for fin inst Nov 28 p8
Kennet plan and banks Dec 1 p8
Unsubsidized con'r'l urged Dec 12 p2
INDUSTRY—CONVERSION
Getting 100% war effort Feb 28 p17
Displaced industries br June 13 p1
INDUSTRY—SIMPLIFICATION
Killing retail frills Feb 7 p7
For civilian goods Feb 21 p13
For milkmen Mar 7 p7
Clothing frills Mar 14 p7
In paint industry Mar 21 p7
In parcelling, wrapping Mar 28 p7
In bread business Apr 4 p7
In hotel business Apr 18 p7
In furniture mfg May 2 p7
In Brit Columbia May 23 p9
In plumbing, heating May 30 p7
In stationery trade June 6 p7
In small retail store June 13 p7
For business (general) June 20 p7
Dormant stock sales June 27 p7
For business (general) July 4 p7
INFLATION
Inflation and investments Feb 28 p8
Can United Nations beat May 9 p11
Bank loans and infl Aug 1 p8
Fight enters new phase Aug 8 p1
INSURANCE—AUTOMOBILE
War clause suggested Jan 3 p8
Insurance costs Mar 14 p12
Law on hitchhikers May 23 p2
INSURANCE—CANADA
Comment Kennet report Dec 5 p8
Ins and Beveridge plan Dec 12 p8
INSURANCE—CANADIAN UNDERWRITERS
Tackle commissions June 13 p10
Prepares for new era June 27 p8
INSURANCE—CASUALTY
Blackouts and insurance Jan 17 p8
INSURANCE—FIDELITY
More dishonesty now Nov 7 p14
INSURANCE—FIRE
Fight looms on Feb 7 p1
Bombshell fizzle Feb 28 p10
Widen non-tariff policy May 30 p8
Municipalities and fire June 13 p10
INSURANCE—INDUSTRIAL
Function of Jan 10 p8
I I and Beveridge Dec 12 p8
INSURANCE—INTEREST
Interest down Apr 18 p5
INSURANCE—INVESTMENTS
Stocks eligible for July 4 p4
INSURANCE—LIFE
Helps to speed victory Mar 14 p 13
Give your right age May 2 p8
New budget and, July 4 p8
Bargains in policies Aug 22 p8
Factors in costs Sept 5 p8
Surrenders decline Oct 24 p28
Life insurance cuts work Nov 21 p8
Policies that stick June 20 p8
INSURANCE—Unemployed
Want everybody on Feb 28 p1
Commission divided Sept 19 p2
INSURANCE—WAR
War & disability benefits Oct 17 p14
INSURANCE—WAR RISK
How to meet Mar 7 p8
How it works Apr 18 p7
Problems of May 9 p8
Bill passes committee June 6 p9
To go into effect Aug 15 p5
Bomb insurance queried Sept. 12 p4
Bomb insurance starts Sept 12 p8
Rulings on given Oct 31 p13
Analysis of plan Nov 14 p16
Terms of, are eased Dec. 19 p10
Totals $1,250 millions Dec 26 p9
IRON
Canada's iron comes into its own? Dec 26 p11
INVESTMENTS—CANADA
Action of 4 stock groups Jan 3 p4
Wallpaper or stocks Jan 17 p19
Sees stock price gains Jan 17 p20
Bonds war favorites Aug. 1 p4
Stocks to new highs Oct 3 p4
Stock market at bottom? Nov 21 p9
Is it bull market? Nov 21 p4
Is it bull market? Dec 19 p5
IRON
Our iron possibilities Feb 7 p15
Scrap vital and scarce Feb 21 p7
Step child of mining Aug 29 p27
LABOR—AGRICULTURE
Farm labor problem Mar 7 p10
LABOR—B C
Deadlock holds June 27 p5
Many wage increases Oct 10 p3
LABOR—CANADA
L Co-ordination Committ Apr 11 p1
War plant 1 shortage Aug 1 p9
Wage increases approved Oct 17 p8
Is this hoarding? Nov 14 p 17
LABOR—CANADA—Unions
U drive may force change Aug 22 p1
LABOR—EFFICIENCY
E drops if hours too long Aug 29 p27
LABOR—EMPLOYEE RELATIONS
Fostered by Govt May 30 p1
Ottawa divided on June 6 p1
Freezing bottlenecks June 6 p5
C M A convention theme June 13 p1
How firm boosts morale Aug 29 p18
Production councils Oct 10 p11
Personnel plan in action Nov 14 p10
Right men, right job Nov 28 p26
LABOR—EMPLOYEE TRAINING
Quebec plan for Feb 7 p20
Motion pictures in May 9 p12
Training workers Nov 7 p7
War workers to college Dec 5 p9
LABOR—N B
Controlling factor in forestry June 20 p24
LIQUOR—CANADA
Divide beer markets June 6 p1
Effect of conversion June 6 p2
Stocks of, Sept 26 p40
Future of breweries Oct 10 p7
Distillery diversion Oct 10 p17
Cut in delayed Dec 5 p1
LUMBER—B C
Guarding forests Feb 28 p26
Lumber shipments Mar 14 p 11
Future of imperilled May 9 p13
Drive for airplane spruce June 13 p1
Increase spruce output July 18 p11
Rules hit shingle industry Aug 22 p7
U K timber chief in B C Nov 21 p3
Retain ban on logs Dec 5 p10
2 timber limits change Dec 26 p9
LUMBER—CANADA
War importance Apr 25 p11
As wartime industry May 30 p21
Cut ahead of growth June 6 p8
New controls launched Sept 12 p1
Shortage hits war output Dec 5 p2
Timber Controller plan Dec 19 p1
LUMBER—MARITIMES
See declining demand June 20 p21
LUMBER—PLYWOOD
Wings for airplanes May 30 p28
LUMBER—QUEBEC
Q forests and war Feb 7 p32
MACHINERY INDUSTRY
Taxes, earnings up July 25 p23
MAGNESIUM
The Pidgeon process for Feb 21 p1
New metal of war & peace Mar 7 p19
M in world of peace July 25 p25
Canadian production of Aug 15 p11
More for allies Sept 12 p12
Army uses Nov 14 p11
MANITOBA
Big year for farms in June 6 p1
MANITOBA—FINANCE
Federal subsidy and Mar 28 p28
MANPOWER
Conscription alternative Jan 24 p1
Freezing likely Jan 31 p1
Salary freeze rules Jan 31 p2
Lower school age? Jan 31 p3
Quiz farms re labor Feb 14 p1
Quebec and C Feb 14 p1
Shortages hit B C Feb 14 p 13
Drastic moves near Mar 7 p1
How new order works Mar 28 p1
Fear flight from vital jobs Apr 4 p1
Biggest job shuffle Apr 4 p11
Regulations on Apr 25 p25
Voluntary recruiting Apr 25 p33
Conscription compromises May 2 p1
Output hurt by shifting May 9 p1
Cabinet divided on May 16 p1
How new order works May 28 p1
Record hirings, firings, June 13 p1
Army needs bring crisis July 4 p1
Big army or arms output? July 11 p1
Showdown approaching July 18 p1
One boss the answer? July 25 p1
Draft hits war output Aug 1 p1
Controls shaping up Aug 1 p1
New policy forming Aug 8 p2
How draft machine works Aug 15 p9
More action foreseen Aug 22 p1
Job priority plan Aug 29 p1
Making most of our m Aug 29 p16
Job control, effects, Sept 19 p1
Supply and demand of Sept 26 p18
Coal mine labor short Oct 3 p1
Gold miners shifted Oct 3 p19
Half Cans on war work Oct 17 p2
Still hitting snags Oct 17 p2
Shortage in B C lumber Oct 17 p14
Showdown on powers Oct 31 p1
Ottawa's big problem Nov 28 p1
Why Little resigned Nov 28 p1
Elliott Little memo Dec. 5 p5
Supply outlook for '43 Dec 12 p11
MANPOWER— U S
Effect on farms Oct 3 p20
Ickes to be U S boss? Dec 5 p10
FDR names boss Dec 12 p1
MARITIMES
Atlantic war industry June 20 p15
MARITIMES—Finance
Govt finances better June 20 p19
MARKETING—QUEBEC
Characteristics of Feb 7 p30
METALS
Increase in output Jan 31 p 24
Base metals Feb 21 p18
War metal hunt Feb 28 p31
War metal output Feb 21 p31
Metal production May 30 p 12
Cut use in non-essentials June 27 p32
MICA
A small bonanza June 6 p12
Eau Claire showings Aug 22 p15
Eau Claire property Nov 21 p15
MILLING
Extra-vitaminizing of flour Jan 10 p1
Meet war challenge June 27 p27
MINERALS—CANADA
Bonus miners, tax credits May 9 p19
Use of war metals June 27 p14
U S gives capital aid July 11 p 15
Strategic m output gains Nov 14 p19
New tech aid mining Nov 28 p13
Metals policy outlined Dec 5 p 15
MINES—CANADA
Ottawa aid to Feb 7 p14
Greater effort asked Mar 14 p22
Govt finances mines June 6 p1
What is economic deposit July 4 p15
Freeze mine openings July 11 p 14
MINES—PROSPECTING
Want national fund for Feb 14 p19
War metals "schools" Mar 28 p27
Seek new deal for July 25 p12
Goes into battle dress July 25 p20
MINES—QUEBEC
Effect of war on Feb 7 p21
Speeds war metal search May 23 p14
MOLYBDENUM
Hunt for resumed May 16 p14
MONEY
Bimetallism urged May 30 p8
State credit not answer Oct 17 p8
MORALE
Postpone exhibitions? Jan 24 p3
Complacency in Canada? Feb 21 p16
Plan now big May 23 p1
Motion pictures and Nov 28 p 18
Army programme Nov 28 p23
MORTGAGES
West'n loan improvement Apr 11 p11
Condition of business Oct 10 p14
NAVY—CANADA
What navy does Apr 25 p16
Growth of Apr 25 p19
We weld fighting Navy Sept 26 p23
NETHERLANDS
War effort of, Sept 26 p12
NEW BRUNSWICK—FINANCE
Surplus expected Mar 7 p5
Income gains July 25 p4
NEW ZEALAND
War effort of Nov 28 p24
NEWFOUNDLAND
Should N join Canada? June 6 p3
Winged sentry of Atl'tic June 6 p15
Mining industry June 6 p16
Herring plant June 6 p16
Railways at capacity June 6 p17
Friendly invasion by U S June 6 p19
Manpower of, June 6 p19
Transport, sup problem, June 6 p20
Educational field June 6 p21
Bay of Islands June 6 p22
Tourist attractions June 6 p23
Fisheries board June 6 p23
Medical service plan June 6 p23
Fishing has good year June 6 p24
Cod-liver oil trade June 6 p25
Revenues swell June 6 p25
New industries board June 6 p25
Should Nfld join Canada? June 13 p3
See smaller surplus July 25 p4
NEWSPRINT
European supply out Jan 3 p10
Work on specialties Jan 10 p10
O P A studies price Jan 17 p12
Rumors hurt marketing Mar 7 p12
Decision in U S Apr 4 p8
Newsprint vs Aluminum May 2 p10
See 400,000-ton sales drop May 23 p10
Talk U S rationing May 30 p14
Output at 68% of capa'ty June 20 p4
Higher price problem July 11 p11
Central control Aug 29 p1
Study price increase Nov 21 p10
Policy is in making Dec 12 p10
NEWSPRINT—SECURITIES
What's ahead for May 9 p16
NEWSPRINT—U S
U S supply easier July 25 p14
U S publishers and, Nov 14 p12
NORWAY
War effort of Sept 26 p8
NOVA SCOTIA
Trains workers, soldiers June 20 p16
NUTRITION
British health better Jan 10 p9
Vitamins and bread Feb 21 p1
Ottawa campaign for June 27 p27
Meals in Army June 27 p18
Eating to beat Axis Oct 24 p17
OFFICE EQUIPMENT
War and, Aug 29 p24
OIL—CANADA
Shortage problem Feb 28 p22
Prospecting for May 23 p15
Rumpus on fuel oil May 30 p1
Speed hunt for oil June 6 p13
Old oil fields June 13 p14
Turner problem area June 20 p2
Prospecting pushed July 25 p13
The oil shortage Dec 26 p18
OIL—ROYALTIES
Roundup report Mar 14 p23
ONTARIO—FINANCE
Budgets for surplus Apr 11 p5
PAINTS AND VARNISHES
Big changes in trade Aug 22 p11
PATENTS
Can't buy for burial Aug 8 p4
Our patent laws Sept 26 p28
PATRIOTIC ORGANIZATIONS
Charities feel squeeze Mar 14 p8
Red Cross work Apr 18 p20
Industry Plans May 16 p1
War charities pattern June 6 p4
We loosen purse strings Sept 26 p24
Work among troops Nov 28 p22
PLASTICS
Plastics for war Mar 28 p24
Uses in army Nov 28 p21
POSTWAR
English-speaking union Jan 3 p3
Coming metals battle Jan 24 p15
Reconstruction of Britain Apr 18 p11
Wants freer trade Apr 25 p33
Farms for soldiers May 2 p3
Pro-gold sentiment May 30 p13
Big role for insurance June 6 p9
James Committee report June 13 p9
Atlantic charter Sept 26 p2
Aid in PW for business Sept 26 p25
Brit Banks look U S Sept 26 p25
How industry protect for Oct 3 p3
Trade with U S Dec 12 p3
U S firms tackle postwar Dec 26 p1
PRICE CONTROL—AGRICULTURE
See higher wheat price Jan 31 p13
Effect on hog raising Feb 14 p17
Squeeze on malting bar'y Feb 21 p15
Clash with price police Mar 7 p1
Farm income up Mar 14 p1
Grain price ceiling June 6 p11
90-cent bonus Aug 1 p13
Farm ceiling problem Aug 29 p7
PRICE CONTROL—CANADA
Price lid at work Jan 3 p1
Ceiling punctures Jan 3 p16
Relaxes on some foods Mar 7 p1
Rising criticism of Apr 18 p1
Win big gamble May 9 p1
Centralizes control of June 20 p1
Wins first victories Sept 26 p19
Judgment threat to Nov 21 p1
One year's results Nov 21 p9
Act to validate P C Dec 5 p2
What of, in 1943 Dec 5 p8
PRICE CONTROL—SUBSIDIES
Peril in subsidy costs Jan 24 p1
Rice subsidy cost Feb 14 p1
Subsidy pleas Mar 14 p1
Subsidize grocery items Mar 14 p1
Profit freezing April 8 p1
Grocery subsidy list Apr 18 p2
Cost of subsidies Apr 18 p11
Subsidy plan and profits May 9 p9
Subsidy for oil tankers July 25 p1
Com Price Stab'tion Bd Aug 15 p4
New subsidy policy Dec 12 p1
PRICE CONTROL—U S
Total ceiling forecast Apr 25 p25
Will U S plan hold July 18 p10
Shift inflation battle Oct 3 p1
Effect on Canadian Dec 19 p1
PRICES—COMMODITY
Check wholesale prices Jan 3 p2
Forecast for 1942 Feb 7 p4
PRICES—COST OF LIVING
The $5,000 year man July 11 p9
How sound is index Nov 28 p28
PRIORITIES
Canada under U S wing Feb 21 p7
How we fit with U S Apr 25 p28
New plan announced July 18 p1
PRP not being scrapped Oct 10 p2
U S effect on Can Oct 10 p12
Equal for Canada Oct 17 p1
U S order aids Canada Oct 31 p1
New plan unveiled Nov 7 p1
CMP agreement near Dec 19 p1
PROPAGANDA
Psychology as war weap'n Jan 31 p32
Psychological warfare Feb 14 p11
How Axis poisons opinion Apr 4 p11
Short war sentiment May 16 p1
PUBLIC UTILITIES
War Services of Mar 21 p15
War production of Mar 21 p31
War work of Oct 31 p19
PUBLIC UTILITIES—SECURITIES
Investing in Oct 31 p24
PULP AND PAPER
War work of Feb 7, p10
Chemical pulp in war Apr 18 p16
O P A tightens hold Aug 1 p10
Exports at $260 millions Jan 3 p10
B C pulp exports Jan 10 p10
"Bits & Pieces" work May 30 p27
Power reduction plan Aug 29 p14
War's challenge to Sept 12 p15
Industry looks ahead Oct 17 p15
PULP AND PAPER—SECURITIES
Pulp and paper earnings Mar 14 p11
Profit margin declines May 16 p10
Security values Sept 12 p26
QUEBEC
Source of war supplies Feb 7 p17
Province as market Feb 7 p18
Opens 75 new parishes Feb 7 p26
Industrial activity Feb 7 p27
Flirts with new politics Aug 1 p9
Moderates gain strength Oct 10 p9
Bloc threatens unity Oct 17 p1
QUEBEC—FINANCE
Finances improve Feb 7 p29
RADIUM
R in industry Aug 29 p26
RAILWAYS—CANADA
Break tonnage records May 30 p16
War job of Oct 31 p21
RATIONING
Last ch'ce on volun'y plan May 30 p1
Coupon rat'ing to begin June 20 p1
New system of Aug 8 p1
How Britain does it Aug 22 p13
Butter tests ration plan Dec 26 p1
RUBBER
Fighting rubber famine Dec 26 p17
RAW MATERIALS
Dom Geological survey June 27 p31
How big our reserves Sept 26 p16
United Nat resources Sept 26 p42
Thirty vital to war Oct 10 p18
Balance sheet of Oct 24 p13
REAL ESTATE
War boosts realty dem'd Apr 11 p11
War and home ownership Apr 25 p9
Housing move delay Oct 17 p2
REPATRIATION
77 st'ks, b'ds being repat'd Feb 21 p5
RETAILING
Christmas buying Jan 3 p1
Drugs meet war problem Jan 3 p7
Merchandise booms Feb 7 p23
How to cut costs Feb 14 p3
New ideas in Apr 25 p7
How to stay in business July 25 p7
Critical supply in drugs Aug 8 p7
Study sh's drug sales hi'er Nov 28 p7
Grocery price squeeze Aug 15 p7
X-ray hardware trade Oct 3 p7
Jewellery war casualty Oct 10 p4
Christmas worries trade Nov 7 p20
Shorter hours mooted Nov 14 p7
Shoe sales climb Dec 5 p7
RUBBER
Firms do new work Jan 17 p1
Drastic moves likely Feb 28 p1
Making rubber go furth'r Feb 28 p20
Army tires Feb 28 p24
War work for r plants Apr 11 7
RUBBER—SYNTHETIC
Synthetic rubber Feb 14 p7
Canada's position Aug 15 p9
SABOTAGE
How to beat it Jan 24 p7
ST LAWRENCE SEAWAY
F D R pushes for Jan 10 p1
Plan strongly urged Feb 21 p12
SALVAGE
Values of S drives Jan 31 p3
Need fats Mar 14 p10
Scour whole nation Mar 28 p1
'Test tube' drive May 16 p20
Plans outlined Sept 5 p9
Scrap rolls East Nov 21 p1
SECURITIES COMMISSION
Seek tighten law Feb 14 p18
Judgment hits S C Dec 5 p14
SHIPBUILDING
Small boats output Jan 31 p31
Cargo ship output Apr 25 p14
Urges more torpedo boats Apr 25 p17
U S programme Apr 25 p20
Why not wooden ships Apr 25 p24
Break labor bottleneck May 16 p1
Strike in B C shipyards June 20 p1
Maritime revival June 20 p28
B C investigation of July 25 p14
Output pushed hard Sept 26 p22
One ship to one hundred Dec 26 p19
SHIPPING—GT LAKES
See record tonnage Apr 18 p4
War job of May 30 p14
SILVER
War uses of June 13 p13
U S anomaly Sept 12 p13
SOCIAL SERVICES
S S in Quebec Feb 7 p28
Community chests Sept 19 p8
Juvenile delinquents Oct 31 p3
Juvenile delinquency Nov 7 p3
Beveridge Plan Dec 12 p5
S S meas's Can U S, U K Dec 12 p11
SOUTH AMERICA
South American friends Sept 26 p6
War resources of Nov 28 p19
SPORTS
Laurentians for winter Jan 17 p10
War and professional Apr 25 p27
STEEL—CANADA
S and scrap drive June 27 p1
Case for plant in B C July 4 p9
War pushes output July 25 p16
All-time records set July 25 p26
Steel supply Oct 24 p1
Can, U K, U S, Committee Dec 19 p3
New formulae used Dec 19 p9
We major in steel Dec 26 p18
STEEL—SECURITIES
Profits into background May 16 p4
SUCCESSION DUTIES
Series on, by W E N Bell Mar 7 p16
How can I meet the new double death duties for 5 successive issues ending May 16
Estate planning May 23 p8
Duties under fire Oct 10 p12
SUGAR
Shortage looms Jan 10 p1
Shortage of Jan 31 p1
Beet growers plans Feb 28 p29
Counting calories May 9 p7
Bonus here unlikely July 11 p1
SWEDEN
Budget reform plan Aug 1 p5
TARIFF—CANADA
Dropping barrier? Jan 3 p1
Dropping of tariffs Jan 10 p1
Tariff exemptions Jan 17 p1
Lift war goods duty Aug 8 p1
Reforms blocked in U S Nov 14 p1
TAXATION CANADA
Effect new taxes Jan 24 p1
Deputy Minister forecast Oct 17 p4
Series on, by M L Gordon Sept 26
Are you paying too much, too little?
For 12 successive issues ending Dec 26 p24
TAXATION—CORPORATION
Taxes up 269% profit 3% May 30 p1
Industry's cash June 13 p4
This war and profits June 13 p5
Comparison with U S, U K Aug 22 p1
TAXATION — DOM-PROVINCIAL AGREEMENT
Tax deal with provinces Jan 24 p4
New tax deal Jan 24 p4
Ontario's attitude on Feb 21 p1
TAXATION—EXCESS PROFITS
Excess profits too high? Jan 17 p3
Charge discrimination Feb 21 p10
How E P T referees work Feb 28 p4
Wealth volunteers Mar 7 p4
Budget hits earnings June 27 p2
TAXATION-INCOME-CANADA
New budget plan Mar 21 p1
T on mining, oil stocks Mar 21 p15
Ours compared U S May 2 p1
Source deduction of June 27 p3
Plan source deduction July 4 p1
Machinery for collection July 11 p1
Will T cut necessities July 11 p3
Still ahead of U S July 11 p16
New T hits women July 18 p1
How to calculate July 18 p4
Adjustments in July 25 p1
Deduction at source Aug 15 p1
How to deduct new I T Aug 22 p5
Computing for farmers Oct 24 p12
Probe farm returns Nov 7 p1
Ruml plan talked here Nov 7 p5
Support for Ruml plan Dec 5 p1
TAXATION—INCOME—RECIPROCAL—U S
A new tax deal Mar 14 p4
Tax deal with U S June 27 p3
TAXATION—INCOME—U S
Light taxes, wrong place? Mar 21 p4
TAXATION—POOLS
Charge evasion by May 15 p15
Wheat pool pat dividend Oct 24 p1
TAXATION—SALES
Stamp T hits retailers July 11 p1
Stamp tax revision July 18 p1
TEXTILE INDUSTRY
War work of Feb 7 p19
For armed services Nov 28 p16, 21, 17, 19, 15,
King's uniform Dec 26 p16
TEXTILE—CLOTHING
Precarious boom for July 11 p7
Short for women's wear July 18 p7
TEXTILE INDUSTRY—COTTON
Operators at high pace July 18 p15
TEXTILE INDUSTRY—RAYON
Output at peak July 18 p14
New war jobs for Nov 28 p21
TEXTILES—SECURITIES
Hold high rank July 18 p13
TIN
Tin can ban problem Feb 28 p7
TITLES—CANADA
Should T be restored July 25 p3
TOBACCO INDUSTRY
'Smokes' for Canada Feb 7 p25
TOURISM
Not all gloom in outlook Mar 7 p1
TRADE AND COMM--GT BRITAIN
Sacrifices exports Jan 24 p9
Ban U K imports May 16 p1
TRADE AND COMMERCE—U S
U S export price freeze May 2 p1
TRANSPORT—COMMERCIAL
Winnipeg transit jam Mar 7 p15
See new transit moves Apr 11 p1
Short'es and motor trans May 30 p20
Transit problems Sept 5 p1
Transit business effects Sept 12 p7
Urban transit crisis Oct 17 p1
Job ahead for transit Oct 31 p26
Double job for buses Oct 31 p29
New transit plan Nov 28 p1
Travel order cuts miles Dec 5 p1
TUNGSTEN
Ore hunt extends Jan 3 p15
Hunt for increases Aug 8 p15
Results of drive Sept 26 p35
UNITED NATIONS
United war pool Feb 7 p1
Co-operative effort Sept 26 p11
UNITED STATES—CONGRESS
Effect Republican gains Nov 14 p11
WAR—AIR RAID PRECAUTION
Jap war speeds Jan 10 p16
Blackout moves here Jan 31 p7
Do blackouts help? Feb p3
How ready is B C? Mar 7 p15
WAR—CANADA
Progress rep't war output Feb 28 p19
Charges no initiative here Mar 7 p13
WAR—EMPIRE
War effort of colonies Sept 26 p4
WAR—GREAT BRITAIN
Harnessing all resources Jan 3 p11
Britain at war Jan 10 p1
Can Britain be invaded? Feb 28 p9
Trans'ed people of Britain Mar 7 p11
What U Nations owe to Sept 26 p37
WAR—STRATEGY
Washington hope May 2 p9
WAR TOWNS
Study of war towns July 18 p12
Newest grew overnight July 25 p27
WOMEN IN WAR WORK
Main manpower reserve July 25 p23
B C women aid Oct 10 p9
WOOL
Plan drastic moves Mar 28 p1
Conserve our supplies July 18 p18

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Business Leaders' Forecast For 1943

See also pages 7, 8, 9, 12, 19

Construction

Harold P. Coplan

President, Hull Steel Foundries, Ltd.

In the cast steel industry, there is little room for speculation over business in 1943. The government allots raw materials and absorbs output; therefore, it will set the pattern. Principal task of the steel founder will be to ensure his plant is organized so as to throw maximum driving power behind offensives of the United Nations.

We must have a steady flow of raw material, and salvaged scrap will become increasingly important. And we would like to be able to count upon a minimum of derangement in plant operation caused by withdrawal of labor to the armed forces.

The manpower problem is particularly acute in steel foundries. The bulk of so-called unskilled labor has to be trained to some extent before it can swing its full weight. Calls to the armed forces have meant excessive labor turnover and repeated training of new men. At times, production definitely has been retarded. Now, however, that both employment in industry and induction into the armed forces are due to be controlled by National Selective Service, we look forward to greater stability and balance in manpower distribution.

It has been widely stated that the foremost postwar issue facing business in Canada is whether individual initiative and free enterprise shall endure, or whether business shall become a chattel of the state. It is my belief that, to a considerable extent, what happens can depend upon business itself.

We have a parliamentary committee studying postwar problems. So far, that study has borne upon projects to engage labor the moment peace returns. Obviously, much of that work must be transitory. Upon business must rest the heavier responsibility of assisting government to establish a permanent economy in Canada which will furnish the maximum in jobs and family security. If business and government succeed, I believe we have every reason to anticipate that private enterprise will not be seriously challenged. If business and government fail, I think we are justified in apprehending vast change. Rightly or wrongly, my reaction to worker thinking today is that most men and women care not whether they get postwar work and security from private enterprise or from the state. But work and security they intend to have.

Of course, business cannot draw in full detail the blueprint for postwar economy in Canada. But, peering as far ahead as possible, business at least can aid government now by saying out loud what it must and must not have to carry on, provide work, circulate money.

* * *

W. R. McNeil

President, Building Products Ltd.

While the value of total construction contracts awarded has been less this year than during the previous year, the difference is more favorable for this year at the end of 11 months than at any previous time since the first of the year. And, the number of contracts awarded for new residences actually shows a gain over the previous year.

These favorable factors have created a steady demand for all types of available building materials. More and more a larger part of the total output of building supplies has been going into new construction which is being carried out under the sponsorship of the government, and particularly in the various projects of Wartime Housing Limited

The restrictions which have been placed against new construction, and even repairs by civilians, will unquestionably result in a substantial stored up back-log of business for the postwar period.

* * *

F. G. Rutley

Vice-president, Foundation Company of Canada, Ltd.

Construction for war purposes has constituted the greater part of works under way during the past year. The huge expenditure by the government on war plants and military installations is coming to a close, aided by the scarcity of labor and materials.

Private construction has steadily declined under government pressure and will continue to do so. The only class of this construction welcomed today by the government is low-cost housing.

Construction will continue to decline in 1943. If hostilities should cease, most of the construction work being carried on would probably be stopped over night. The postwar reconstruction programme would therefore appear to be one that should be completed as soon as possible.

D. A. Whittaker

President and managing director, Sherwin-Williams Co.

While civilian business in the paint industry has been well maintained during 1942, its main interest and energy has been devoted to production for use either directly or indirectly in the war effort. It is sometimes overlooked that practically all munitions and instruments of war require the use of paint or varnish products in some considerable degree. For instance, all mechanical transport such as carriers and trucks, all tanks, airplanes, shells, naval and merchant vessels, and many other items use the products of the industry for protection and preservation against the hard wartime usage to which they are subjected. As a result, the essential needs of the war effort must be, and will continue as, a prime consideration in the production plans of the industry.

Civilian use is important too, and while we have co-operated readily and faithfully with the government policy of conservation and the reduction of unnecessary items, we have been able to maintain civilian supply for all proper and reasonable demands. At the same time we have reduced the number of colors supplied by over 50% and the number of sizes to the same extent, together with an even greater reduction in the use of scarce tin and other metal.

Of course it is impossible to say what future curtailments will be found necessary. We hope that we shall be able to continue to serve the war effort and also the civilian population, because civilian property which is not being renewed under war conditions, would appear to need, for that very reason, the utmost protection and preservation possible.

In many parts of the country the housing shortage is an extremely acute problem. The restriction on building has grown with the growth of the war effort, and from all quarters we hear definite statements regarding the backlog of residential and industrial building which is continually being added to as a result of the all-out war effort. It would appear that the construction industries will have a big postwar job to do, extending over a considerable period of years, with activity accordingly maintained. However, no one can tell when this postwar period will arrive, and in the meantime the paint and varnish industry is satisfied to continue to operate soundly and economically, to provide reasonably for the needs of the people as a whole, and, above all, to be ready at all times to do everything possible to advance and further the war effort.

Electrical Industry

D. C. Durland

President, Canadian General Electric Co.

Electrical manufacturers continue to play an increasingly important part on the Canadian production front. Due to their long experience, extensive factory facilities and specially skilled personnel many of Canada's most challenging and exacting war production tasks have been entrusted to them. From their plants flow not only a great diversity of war materials, but also what is of equal importance, the equipment to generate and distribute electricity—the life blood of Canadian industry. More electric energy was generated and used in 1942 than ever before—12% more than in the previous year and six times as much as during the last war.

Today Canada's war factories are almost completely electrified. Each worker has an estimated average of four electrical horsepower aiding him. It varies in different plants, amounting to as much as 2,500 h.p. per worker in industries such as the electro-metallurgical. Indispensable as electrical equipment is to the operation of war plants, perhaps the production of greatest public interest are the actual weapons of war, never before made in Canada, that are now being produced in the factories of electrical manufacturers. One of the outstanding war projects undertaken by the industry is the manufacture of heavy 3.7 anti-aircraft guns, complete with mounts and portable carriages. The complete gun weighs 10 tons and hurls its 26-pound projectile to a height of almost seven miles.

Keeping pace with Canada's rapidly growing aircraft industry, electrical manufacturers are supplying not only motors, control, welding and other equipment for use in aircraft factories, but also a wide range of aircraft equipment. Canadian shipyards have already launched close to three hundred combat vessels and have several hundred other under construction. This programme calls for large quantities of electric equipment. Many hundred types of special electric lamps as well as other devices, many of which are still on the secret list, are being manufactured for the navy, army and airforce. Radio equipment of every type required by the armed services is being manufactured in large quantities, and the entire output of the industry has been directed to war production.

Another important contribution of the electrical industry has been the development of substitutes for scarce materials. For instance, moulded plastics are replacing aluminum in fuse caps for grenades and shells. Other synthetic materials have been developed to not only replace, but to improve on rubber and silk formerly used for insulating wire and cable. From Canada's research laboratories, in co-operation with those of the other United Nations, have come developments of intricate and highly technical equipment. Modern production methods have translated them into new and more deadly weapons of war.

* * *

E. C. Grimley

President, RCA Victor Co., Ltd.

The nature of this war, requiring the co-ordination of air, sea and land forces, and at great distances — in fact all over the globe, must of necessity have been accompanied by tremendous scientific developments. Such strategic undertakings require rapid communication over the land, at sea and in the air. Radio communication, of course, supplies the means. It would have been impossible to string wires or make permanent installations. Canada's participation has fitted into this order. Her great expansion in the air, her tremendous increase in naval equipment and personnel, the mechanization of her land forces, have required a volume of radio equipment beyond anyone's conception at the outbreak of this war.

Has the Canadian radio industry adequately met this demand?

The answer is yes, and it is also supplying communication equipment for Britain and other members of the United Nations. From the nucleus of organizations and existing plants at the outbreak of war, the Canadian radio industry built up producing organizations several times pre-war size, expanded their plants, and are now in the middle of a programme requiring about $100 millions worth of radio communication equipment per annum. Reports back from scenes of action indicate the excellence of design, workmanship and satisfactory performance. So this season of this year finds the radio industry under a rather big load. The production of peacetime products, such as radio sets for the home, has ceased months ago and there is no immediate prospect of resuming production on them any further.

Come the end of this world conflict, the expanded plants and organizations and the gained experience of the Canadian radio industry will find it quite capable of meeting consumer demand, including any new developments that might be forthcoming.

* * *

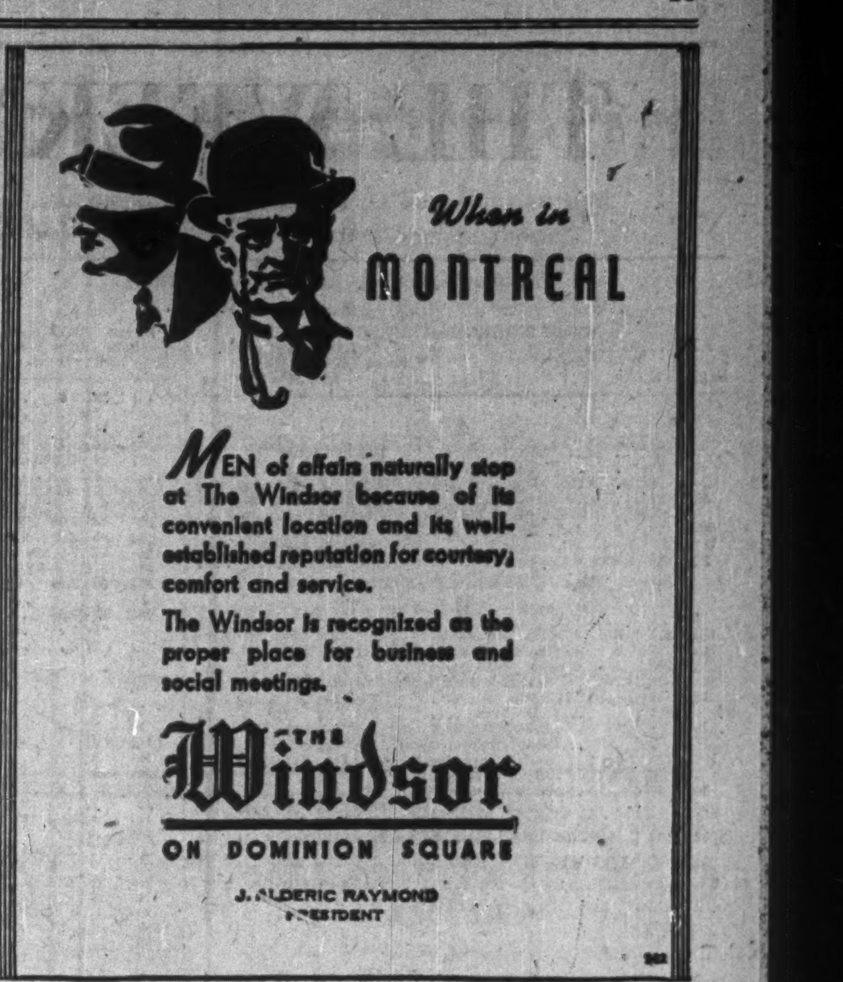
John R. Read

President, Canadian Westinghouse Co.

The operations of our company, and indeed of the entire electrical industry in Canada, underwent a remarkable change in the year 1942. We have completely dropped the manufacture of electrical goods for civilian requirements and all our manufacturing activities are now devoted to munitions of war or to electrical equipment directly or indirectly for war purposes.

As far as our munitions programme is concerned, the tool-up stage is behind us now and the outlook for 1943 is for production of war munitions on a scale not even contemplated when war was declared.

As far as the conversion of our enterprise from a war to a peace footing is concerned, I have no predictions to make. But I do believe that we will all be confronted, when peace is declared, with many grave and serious problems, compared with which the difficulties we are presently overcoming will seem small.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The Year Ahead — Life Insurance

Insurance a War Industry

Increases Wartime Thrift, Cuts Selling and Office Frills

By DONALD G. MACLEAN

During 1942, Canadian insurance became increasingly a wartime agency for channelling funds away from consumers' goods and into long-term investments hence became increasingly a front-line inflation fighter.

The importance of the life insurance business in assisting this national purpose, along with war loans, savings certificates, etc., is indicated by the fact that it has diverted an estimated $12 millions of new premium income into a form of savings that serves the national wartime financial interest.

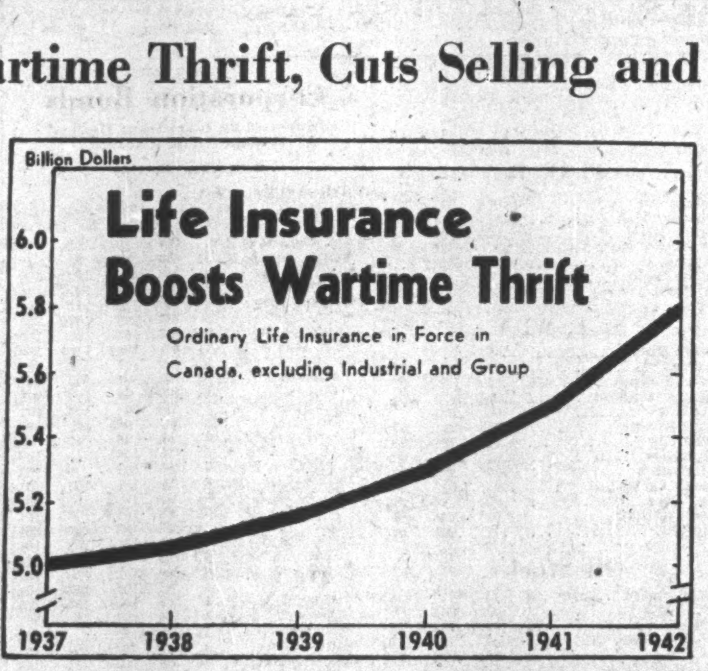

Chart by The Financial Post

Because of higher premium rates on new life insurance policies, and because these contain war clauses restricting the coverage, policyholders are anxious to retain the insurance they have. This, combined with new sales, has resulted in substantial gains in insurance in force, as shown in the chart.

The principal value of new insurance sold in the year will likely be above $500 millions, as against $429 millions in 1941, and the insurance in force at the end of the year will probably total $5.8 billions against $5.5 billions at the end of 1941.

For 1943, the prospect that insurance will continue its primary functions of protection and investment is certain. But that Canadian insurance men will be able to accelerate the diversion of spending power at the same rate as in 1942 is considerably less certain. If further progress is to be maintained, it will be in the face of serious obstacles.

First will be the possible drafting of married men.

Up to now Canada's armed forces have been mainly composed of single men or married volunteers. It is probable that the drafting of married men will hit larger numbers of more heavily insured men, men who will find it more difficult to maintain their domestic commitments on army pay. So far the number of lapses among soldier-held policies has been gratifyingly low, except for a few months at the beginning of the war.

Second obstacle now apparent is the increase in taxes that will take effect Sept. 1, through the fact that current tax rates allow for the excess National Defense Tax which was paid before the present rates went into effect.

Third question is that of manpower to carry on the public contact work of insurance. Counteracting this is the already great progress that the life companies have made in trimming frills from office and sales routine, an achievement that will undoubtedly be added to in 1943. An important factor in manpower considerations for 1943 will likely be the extent to which life insurance men participate in Victory Loan campaigns and similar public work. Key sellers of bonds in all past loans, the insurance man's time for his own business has been limited somewhat by the duration of the loan selling campaigns.

In effect, 1943 shows promise of bringing the problems and opportunities of 1942 in a more intense form. In a year-end statement, J. G. Parker, president of the Canadian Life Insurance Officers Association, has highlighted some of these problems and contributions.

Referring to what the insurance business is contributing to the war effort, Mr. Parker said:

"The amount of policyholders' premium savings invested in war loans is over $450 millions. That means that, on the average, every policyholder has $112 invested in victory. These investments are actually money being held in reserve for the protection of and for future delivery to all our policyholders or beneficiaries. They form part of the $2,250 millions of assets invested by the companies in Canada and similarly pledged to meet future payments on behalf of these policyholders who, through their thrift have built up this tremendous reservoir of savings.

Benefits Paid

"From these assets, life insurance companies in Canada have paid back to policyholders and beneficiaries since the war began, over $530 millions in benefits—half a million dollars every working day."

As to the business itself being on a war footing, Mr. Parker said:

"Over 2,800 life insurance men are on active national service. Trained company personnel at home and in branch offices has necessarily been greatly reduced. The ranks of the field forces have been depleted.

Help Sell Bonds

Life insurance field men and women through direct canvasses were instrumental in obtaining subscriptions during the last Victory Loan to a total of over $57 millions, he added.

Demand for new insurance during the year has shown a greater relative increase for small policies, say under $5,000, than in the higher brackets. It is understood there has been no noticeable change in the types of policies being sold, other than that for some years past policies in which the protective element is most marked have been more popular. One reason for this has been the downward trend in interest rates available on investments. These lower interest rates have resulted in some premium rate increases among the companies.

Mortality among Canadians generally is believed to have shown little change except in the armed forces. War deaths have increased and it is estimated that over the year they have been 8% to 10% of the total, compared with something around 6% in 1941.

THE ROYAL BANK OF CANADA

General Statement, 30th November, 1942

LIABILITIES

Capital stock paid up		$ 35,000,000.00
Reserve fund	$ 20,000,000.00	
Balance of profits carried forward as per Profit and Loss Account	3,259,198.23	
	$ 23,259,198.23	
Dividends unclaimed	58,863.59	
Dividend No. 221 (at 6% per annum), payable 1st December, 1942	525,000.00	23,843,061.82
		$ 58,843,061.82
Deposits by and balances due to Dominion Government	$144,192,823.59	
Deposits by and balances due to Provincial Governments	17,392,485.40	
Deposits by the public not bearing interest	576,594,382.44	
Deposits by the public bearing interest, including interest accrued to date of statement	425,973,022.55	
Deposits by and balances due to other chartered banks in Canada	16,944.55	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries	17,047,534.01	
		1,181,217,192.54
Notes of the bank in circulation		18,271,281.53
Acceptances and letters of credit outstanding		31,156,431.68
Liabilities to the public not included under the foregoing heads		2,127,979.28
		$1,291,615,946.85

ASSETS

Gold held in Canada	$ 706.86	
Subsidiary coin held in Canada	1,655,444.93	
Gold held elsewhere	31,771.73	
Subsidiary coin held elsewhere	1,705,785.63	
Notes of Bank of Canada	30,157,050.75	
Deposits with Bank of Canada	71,527,152.34	
Notes of other chartered banks	514,953.70	
Government and bank notes other than Canadian	31,661,337.17	
		$ 137,254,203.11
Cheques on other banks	$ 58,908,754.34	
Deposits with and balances due by other chartered banks in Canada	2,123.87	
Due by banks and banking correspondents elsewhere than in Canada	65,719,393.96	
		124,630,272.17
Dominion and Provincial Government direct and guaranteed securities maturing within two years, not exceeding market value		319,318,682.00
Other Dominion and Provincial Government direct and guaranteed securities, not exceeding market value		200,482,663.08
Canadian municipal securities, not exceeding market value		8,950,639.06
Public securities other than Canadian, not exceeding market value		52,872,120.67
Other bonds, debentures and stocks, not exceeding market value		33,140,596.97
Call and short (not exceeding 30 days) loans in Canada on bonds, debentures, stocks and other securities of a sufficient marketable value to cover		6,267,499.68
Call and short (not exceeding 30 days) loans elsewhere than in Canada on bonds, debentures, stocks and other securities of a sufficient marketable value to cover		23,523,562.79
		$ 906,440,239.53
Current loans and discounts in Canada, not otherwise included, estimated loss provided for	$255,148,401.76	
Loans to Provincial Governments	1,770,548.28	
Loans to cities, towns, municipalities and school districts	15,961,150.64	
Current loans and discounts elsewhere than in Canada, not otherwise included, estimated loss provided for	59,276,982.71	
Non-current loans, estimated loss provided for	1,187,236.83	
		333,344,320.22
Bank premises, at not more than cost, less amounts written off		13,640,583.48
Real estate other than bank premises		1,260,497.03
Mortgages on real estate sold by the bank		832,006.19
Liabilities of customers under acceptances and letters of credit as per contra		31,156,431.68
Shares of and loans to controlled companies		3,169,842.94
Deposit with the Minister of Finance for the security of note circulation		1,110,000.00
Other assets not included under the foregoing heads (but including refundable portion of Dominion Government Taxes)		662,025.78
		$1,291,615,946.85

M. W. WILSON,
President and Managing Director.

S. G. DOBSON,
General Manager.

AUDITORS' REPORT

TO THE SHAREHOLDERS, THE ROYAL BANK OF CANADA:

We have examined the above Statement of Liabilities and Assets as at 30th November, 1942, with the books and accounts of The Royal Bank of Canada at Head Office and with the certified returns from the branches. We have checked the cash and the securities representing the Bank's investments held at the Head Office at the close of the fiscal year, and at various dates during the year have also checked the cash and investment securities at several of the important branches.

We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank, which have come under our notice, have been within the powers of the Bank. The above statement is in our opinion properly drawn up so as to disclose the true condition of the Bank as at 30th November, 1942, and it is as shown by the books of the Bank.

A. BALLANTYNE, C.A., of Peat, Marwick, Mitchell & Co.
M. OGDEN HASKELL, C.A., of Haskell, Elderkin & Co.
} Auditors.

Montreal, Canada, December 24, 1942.

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, 29th November, 1941	$ 3,209,074.84	
Profits for the year ended 30th November, 1942, after providing for Dominion Government taxes amounting to $2,014,166.80 (of which $34,751.73 is refundable under the provisions of the Excess Profits Tax Act) and after making appropriations to Contingency Reserves, out of which Reserves provision for all bad and doubtful debts has been made	3,390,123.39	
		$ 6,599,198.23
APPROPRIATED AS FOLLOWS:		
Dividend No. 218 at 8% per annum	$ 700,000.00	
Dividend No. 219 at 8% per annum	700,000.00	
Dividend No. 220 at 8% per annum	700,000.00	
Dividend No. 221 at 6% per annum	525,000.00	
	$ 2,625,000.00	
Contribution to the Pension Fund Society	315,000.00	
Appropriation for Bank Premises	400,000.00	
Balance of Profit and Loss carried forward	3,259,198.23	
		$ 6,599,198.23

M. W. WILSON,
President and Managing Director.

S. G. DOBSON,
General Manager.

Montreal, December 24, 1942.

THE WEEK'S QUOTATIONS

Montreal and Toronto
Week ending Monday close

Winnipeg and Vancouver
Week ending Saturday close

Quotations here listed are the official stock exchange prices for listed stocks, including curb market quotations. For unlisted stocks, quotations by unlisted dealers are given. The Financial Post cannot accept any responsibility for these quotations.

STOCKS TRADED THIS WEEK

WEEK ENDING DECEMBER 28

A

Range 1942 High	Low	Div Rate $	Dec 26 Y'ld %		Sales	Last Dec. 21	Week end. Dec. 28 H	L	Cl'se
5	.40		...	Abitibi	1525	.70	.80	.65	.80
7	3½		...	Do. pref. 6%	493	5½	5⅞	5½	5½
5	13		...	Do. pref. 7%	25	14½	14½	14½	14½
2	21½		...	Alta. Pa. Gr. pf	1191	46	52	46	50½
9½	7½		...	Algoma Steel	190	9	9	9	9
5	79½	5	6.2	Do. pref.	5	85	80	80	80
10	80	8+2	9.4	Aluminium	223	107	107	104	107
22	16	1.40	6.4	Asbestos	406	21	21½	21	21½

B

Range 1942 High	Low	Div Rate $	Y'ld %		Sales	Last Dec. 21	H	L	Cl'se
150	115	6	4.6	Bk. Can. Nat.	1	129	129	129	129
189	124½	8	4.2	Bk. Montreal	41	141	142	141	141
255	200	10	4.4	Bk. Toronto	1	225	225	225	225
21½	12		...	Barker's Br'd p	45	21	21½	21	21
14½	10½	1+.50	10½	Bathurst Pr.	404	14	14	13½	14
3½	1		...	Do. (B)	343	3½	3½	2	3½
15	6½	.25	...	Beatty Bros. A.	250	14	15	15	15
9⅞	9½		...	Beauharnois	82	9⅞	9⅞	9⅞	9⅞
150½	123	8	5.7	Bell Telephone	223	140	141	138½	140
7½	5	.60	12	Biltmore Hats	6	6½	5	5	5
20½	8		...	Blue Top Br. B	1000	10	8	8	8
14½	6	1	7.2	Brazilian Tr.	3619	14½	14⅞	14½	14⅞
5½	3½	.50+.10	12	Brew & Distil.	57	5½	5	5	5
18	13	1	5.6	Brit. Amer. Oil	1935	17½	17⅞	17½	17½
18½	12	.75	...	B. C. Packers	100	18	18½	18	18½
23½	17	2	8.9	B. C. Power A.	130	23½	23	22½	22½
2.00	.75		...	Do. (B)	1195	2.00	2.00	2.00	2.00
14½	11	.70+.10	5.6	Building Prod.	145	14½	14½	14	14½
9½	7½	.60	6.7	Burlington St'l	60	8½	9½	9	9

Range 1942 High	Low	Div Rate $	Dec 26 Y'ld %		Sales	Last Dec. 21	Week end. Dec. 28 H	L	Cl'se
			...	Fed. Grain pfd.	10	40	45½	45½	45½
45½	33½	6	...	Fleet Aircraft	10	3½	3½	3½	3½
3½	2½		...	Ford Motor A.	2045	20	20½	19⅞	19⅞
20½	14½	1	5	Do. (B)	100	20½	19⅞	19⅞	19⅞
20½	14½	1	6.2	Foundation Co	25	15½	15½	15½	15½
16½	12	♦1.20+.50	...	Fraser Vot. Tr.	75	12½	13	13	13
13½	7½		...	Gatineau Pwr.	265	7½	8	7½	7½
8	4½	.60	7.5	Do. pref.	65	80	79	77	77
80	61½	5	6.3	Do. 5½% pref.	25	90	90	90	90
90	70	5.50	6.1	Gen. St. Wares.	2630	7⅞	8⅛	7⅞	8⅛
8½	5	.50	6.2	Do. pref.	30	94	96	94	96
96	82	7+.53▲	8	Goodyear Tire.	2	62	60	60	60
67	31½	2.50+2.50		Do. pref.	11	50½	50½	50½	50½
51½	39	2.50	4.9	Gt. L. Pa V tr c	372	2½	3½	2½	3½
3½	1		...	Do. Vot. tr. p	5	12½	14½	14½	14½
16½	11	1.50	...	Gurd, Chas., c.	65	5½	5	4⅞	4⅞
5½	2		...	Gypsum, Lime.	1775	5½	5½	5	5½

H, I

Range 1942 High	Low	Div Rate $	Y'ld %		Sales	Last Dec. 21	H	L	Cl'se
			...	Ham. Bridge	950	4½	4½	4½	4½
5½	2		...	Harding Carpet	30	3½	3½	3½	3½
3½	2½	.20	...	Hinde & Dauch	400	14½	14½	14½	14½
14½	9½	1	6.9	H. Smith Pap.	13	12½	12	12	12
14	8		...	Do. pref.	50	97⅞	99	99	99
100	93½	6	6.1	Imperial Bank	8	160	160	159	159
204	145	8	5	Imperial Oil	7933	10⅞	12	10⅞	11⅞
12	7½	.50	4.2	Imperial Tob c	785	11	11⅞	11	11⅞
12½	9½	.40+.17½	5	Indust. Accept.	115	12½	13	13	13
12½	6½	.25	...	Inter. Bronze	30	12	12	11	12
12½	10	.80	7.3	Do. pref.	15	22½	22	22	22
22½	19	1.50	6.8	Int. Coal & C.	1500	29⅞	29⅞	29⅞	29⅞
30	25	.03	...	Int. Metal Ind.	45	11	11	11	11
11	5		...	Do. pref.	35	90	90	90	90
99	85	6+5▲	6.7	Int. Nickel	1743	33½	34	33	33⅞
36½	29	2	5.9	Int. Pete.	2865	16½	17⅞	16½	17
17⅞	11	1	5.8	Int. Power, pf.	5	95	96	96	96
96	85	7+3▲	7.3	Int. Util. (B)	900	.12	.12	.10	.12
.20	.03								

T, U, V

Range 1942 High	Low	Div Rate $	Y'ld %		Sales	Last Dec. 21	H	L	Cl'se
11½	8½	.80	7.6	Tamblyn	15	10½	10½	10½	10½
5½	1		...	Twin City	7	5½	4½	4½	4½
10½	4⅞		...	Union Gas	195	5½	6½	6	6
1.50	.75	.10	...	United Distill.	200	1.05	1.50	1.50	1.50
36	29	3	9.2	United Fuel, pf.	160	32½	32½	32½	32½
3½	2½		...	Do. (B) pref.	20	3½	3½	3½	3½
4½	2½		...	United Steel	280	4½	4½	4½	4½

W, Y, Z

Range 1942 High	Low	Div Rate $	Y'ld %		Sales	Last Dec. 21	H	L	Cl'se
50	35	4	8	Wabasso Cot.	100	49½	49½	49½	49½
50½	40	4	8.3	Walker-Good.	237	47½	48½	47½	48
21	18½	1	5.2	Do. pref.	805	19½	19½	19	19
3	1		...	West C. Flour	50	2½	2½	2½	2½
38½	18		...	Do. pref.	5	36½	38	38	38
10	6	.50	...	Western Steel	225	7½	8	8	8
12	9½	.80	6.7	Weston, George	35	12	12	11½	12
94½	90	5	5.3	Do. pref.	10	92	94	94	94
17½	14½	1	5.6	Wilsils	25	16	17½	17½	17½
3.50	.65		...	Winnipeg El. A	920	3.00	3.12	2.87	3.00
22	5½		...	Do. pref.	55	22	21	20	20

▲On account of arrears. ♦Paid in 1942.
■Participating.
*Net after corporate income tax.

Mining Stocks

Range 1942 High	Low	Div. Rate $	Dec. 26 Yield %	Company	Sales	Last Dec. 21	Week Ending Dec. 28 High	Low	Close
2.22	.98	...	...	Malartic G.	27,450	1.58	1.80	1.57	1.75
.03½	.01	...	...	Maralgo	1,500	.02½	.03½	.03½	.03½
46.50	33.00	3.33	*7.3	McIntyre	3,180	44.00	46.50	44.00	46.37
1.04	.43	.12	16.9	McK. R. L.	14,850	.67½	.77	.67	.77
.06	.03	...	...	McV. Grab.	1,500	.04½	.06	.06	.06
.11	.06½	...	...	McWatters	3,500	.09	.11	.09½	.10½
1.40	.85	...	...	Mining Corp.	3,500	1.12	1.20	1.12	1.16
.30	.18	.08	...	Moneta	2,600	.28	.28	.27	.28

N, O, P, Q

Range 1942 High	Low	Div. Rate $	Yield %	Company	Sales	Last Dec. 21	High	Low	Close
.23	.06½	...	...	Naybob	21,600	.07½	.07½	.07½	.07½
.50	.20	...	...	Negus Mines	500	.45	.45	.45	.45
.02	.00½	...	...	Nicola	1,000	.00½	.00½	.00½	.00½
1.04	.75	.10	...	Nipissing	1,230	.90	.90	.90	.90
52.00	35.75	4.00	10.3	Noranda	4,395	39.37	39.50	38.00	38.25
.25	.14	...	...	Nor. Canada	2,500	.29	.22	.19	.22
.04	.02½	...	...	Norgold	1,000	.03½	.08½	.08½	.08½
.90	.55	...	...	Normetals	870	.75	.76	.74	.76
.91	.34	.03	...	O'Brien	23,500	.54	.58	.52	.56½
.10	.05	...	...	Omega	800	.07½	.07	.07	.07
.16	.06½	...	...	Ont. Nickel	31,200	.12	.12½	.09½	.09½
.14	.02	...	...	Osisko	15,500	.09½	.14	.10	.13
.14	.05	...	...	Pac. Nickel	1,025	.13	.14	.14	.14
.90	.30	.08	...	Pamour	11,400	.55	...	.55	.57
3.00	2.00	.40	...	Pato Cons. G.	200	2.35	2.35	2.35	2.35
.19	.10	.02	...	Paymaster	3,000	.17	.17	.16	.17
1.75	.85	.06	20	Pend Oreille	500	1.10	1.05	1.04	1.05
1.35	.41	.16	...	Perron Gold	2,500	.78	.83	.78	.83
2.35	1.00	.30	18.7	Pickle Crow	3,400	1.52	1.65	1.52	1.65
2.20	.93	...	...	Pioneer G.	1,835	1.10	1.15	1.05	1.15
7.00	4.25	.50	...	Placer Devel.	100	6.00	7.00	7.00	7.00
.78	.30	.02	...	Powell R.	200	.51	.55	.53	.55
.02	.00½	...	...	Prem. Bord.	13,000	.01½	.01½	.01½	.01½
.60	.30	.06	...	Premier G.	5,650	.48	.54	.49	.54
3.20	.97	.20	...	Preston E.	13,550	1.60	1.66	1.54	1.66
.47	.17½	.12+.01	...	Privateer	2,000	.30	.31	.29½	.31
.39	.08	...	...	Queenston G.	1,485	.23	.28	.25	.28
.06½	.02	...	...	Quemont	500	.02	.06½	.06½	.06½

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Dec. 29	10,000	9,100	332,000	......
Dec. 28	11,100	11,000	335,000	......
Dec. 26			Holiday	
Dec. 25			Holiday	
Dec. 24	7,000	5,000	176,000	4,210
Dec. 23	11,200	12,000	238,000	42,490

Government Bonds
(Supplied by Investment Dealers' Assoc. of Canada)

Dec. 30, 1942

%	Due	Bid	Ask.	Approx. Yld.
2½	June '43	100¼	101	...
3	Oct. '43	102⅛	103⅛	1.07
2	June '44	100⅞	101¼	1.21
1½	Sept. '44	99⅞	100¼	1.26
2½	Jan. '44	100	100½‡	...
4½	Oct. '44	105¼	105⅜	1.37
2½	Nov. '44	101⅞	102¼	1.37
a2½	Aug. '45	100¼	‡100⅞	b1.55
4	Oct. '45	101⅞	102⅞	...
2	Mar. '45	100⅛	101¼	1.48
2	Dec. '46	99⅞	100⅜	1.90
4½	Feb. '46	107½	108	1.85
2½	Mar. '48	99⅞	100¼	2.20
1½	May '48	99¼	100	1.75
3½	June '49	102⅞	103¼	b2.27
3½	Oct. '49	102½	103	b1.83
3½	Nov. '51	101⅞	102⅞	b2.81
3½	Feb. '52	102¼	103	♦2.82
a5	May '52	100⅞	101¼‡	b
4	Oct. '52	105⅛	106¼	b2.62
a3	June '51	100⅞	101⅞	2.92
3	Oct. '52	99⅛	100¼	2.96
3	June '55	99⅛	100	3.00
a3	Nov. '56	99⅛	100	3.06
4½	Nov. '56	107	107½	b2.47
4½	Nov. '57	107⅞	108½	b2.70
a3	Mar. '54	99⅞	100⅞	3.03
4½	Nov. '57	107½	108¼	b2.70
3	June '58	99¼	99⅞	3.02
4½	Nov. '58	108⅛	108⅞	b2.86
4½	Nov. '59	109¼	110	b2.89
a4	Oct. '60	107	‡107½	b2.92
a3½	Jan. '61	101¼	101⅞‡	3.10
3½	June '66	101⅛	101⅞	b3.08
a3e	Jan. '67	97	97½‡	3.15
a3e	Nov. '68	97	97½‡	3.15
†3	Perpet'l.	94½	94½	3.17

Dominion Guarant'd Bonds
Can. Nat'l. Railways:

%	Due	Bid	Ask.	Approx. Yld.
2	Feb. '43	100	100¼	...
2½	Jan. '46	100⅞	101¼	1.83
3	May '44	101⅞	102¼	1.39
3	Dec. '50	99⅞	100⅞	2.87
3	Jan. '59	99	99⅞	3.02
*4½	Sept. '51	120	121	1.68
*4½	Feb. '56	121	122	2.52
4½	July '57	121¼	122¼	2.64
3	Feb. '53	99⅞	99⅞	3.02

%	Due	Bid	Ask.	Approx. Yld.
4½	June '55	123	124	2.50
5	Feb. '54	117½	118½	3.05
*5e	July '69	118½	119½	...
*5e	Oct. '69	123½	124½	b1.82
*5e	Feb. '70	123½	124½	b1.94

Can. Nat. W. Ind. S. S.:

%	Due	Bid	Ask.	Approx. Yld.
5	Mar. '55	123½	124½	2.65

Grand Trunk Pacific Rly.:

%	Due	Bid	Ask.	Approx. Yld.
3	Jan. '62	103½	104½	2.72

Provincial Gov't. Bonds

%	Due	Bid	Ask.	Approx. Yld.
New Brunswick:				
3	Oct. '51	94½	96½	3.45
3½	Aug. '49	96	98	3.57
3½	June '56	96	98	3.68
c4	Nov. '47	109½	111	b.41
c4½	Apr. '61	110	113	3.53
c5	Jan. '60	113	115	3.82
Nova Scotia:				
3	Jan. '52	98	99½	3.06
3½	June '56	99½	101	3.16
3½	Nov. '50	101½	102½	3.18
c4½	Sept. '52	112	114	...
c4½	Nov. '60	115	117	3.24
c5	Mar. '60	120	122	3.33
Ontario:				
2½	May '45	100	101	2.11
3	Apr. '48	100½	101½	b2.61
3	Nov. '50	99½	100½	b2.89
3½	Nov. '51	100½	101½	b3.05
3½	May '55	100½	101½	b3.10
*4	June '62	114	116	2.92
4½	June '50	109	110	3.04
*4½	Jan. '62	118	120	3.10
5	Oct. '48	109⅞	110½	3.00
*5	Dec. '60	126½	127½	3.01
5½	July '46	108	109	2.78
Ont. Hydro Commission:				
3	Aug. '48	100½	101½	b2.64
3½	Feb. '53	100½	101½	b3.05
3½	Apr. '47	103½	104½	2.48
Prince Edward Island:				
4	Mar. '54	102	104	3.57
Quebec:				
3	Nov. '47	99½	100½	2.94
3½	Mar. '48	99½	100½	3.20

%	Due	Bid	Ask.	Approx. Yld.
3½	Mar. '59	99	100	3.50
4	Nov. '52	102⅞	103½	b3.46
3½	Feb. '55	100⅞	101½	b3.53
4½	Aug. '58	106	107	3.67
4½	Jan. '63	110½	111½	3.70
Alberta:				
4½	Oct. '56	73	76	d
4	Dec. '54	72	75	d
*5	Oct. '59	74	77	d
c5½	Apr. '52	75	78	d
6	Mar. '47	76	79	d
British Columbia:				
4	Dec. '57	107	109	3.23
*4½	Jan. '51	111½	113½	2.63
c4½	Oct. '53	111	113	3.10
c5	Apr. '54	114	116½	3.28
5½	Feb. '45	103½	105½	2.78
6	Feb. '47	109	111	3.21
Manitoba:				
c4	Dec. '57	101	103	3.73
c4½	Dec. '56	104½	106½	3.89
*5	Dec. '59	107½	109½	4.21
5½	Oct. '55	109⅞	111⅞	4.29
6	Apr. '47	107	109	3.80
Saskatchewan:				
4	Sept. '54	86	88	5.39
4	Nov. '60	86	88	5.02
c4½	Oct. '51	95	..	...
c4½	Mar. '60	92	94	5.01
5	Aug. '58	92	95	5.47
5½	Oct. '52	97	99	5.83
6	Mar. '52	99	101	5.86

*–Payable Can., N.Y. and £. b–Calculated to call date giving lowest possible yield. c–Payable Can. & N.Y. a–Payable N.Y. †–Callable on or after Sept. 15, 1966. d–Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e–Callable at a premium. ‡–N.Y. funds. ♦–Calculated at 1950 average maturity. ■–Callable on or after earliest maturity shown and payable at maturity at 101.

Unlisted Stocks
(Furnished by A. J. Pattison Jr. & Co., Toronto)

Dec. 29, 1942

Industrial:	Bid.	Ask.
Acme Farm. pf.	60	..
Andian National	18	21
Anglo C. Tel., A	7½	8½
Atlas Steels, c.	17½	22
Do., pref.	100	..
B. C. Pulp, c.	9	10½
Do., pfd.	63	66½
Barrymore Cl. p.	40	..
B. C. Sugar	65	..
B. C. Tel. p.	103	..
Brown, com.	1½	2½
Do., pfd.	22½	24½
Burns & Co., A.	5	7
Do., B.	3	4
Can. Indust. A.	145	151
Can. Co-op. Wool	8	9½
Can. Mach. c.	7½	9½
Can. Ing. Rand	61	65
Can. Mot. L.A.B.	6½	8½
Cap. W. Cloth.	5	..
Do., pref.	17½	20½
Col. Realty	2½	..
Chase, A. W., p.	15	18½
Colonial Steam	47	52
Copeland F. un.	15	17
Corr. Pap. Box c	1½	2½
Coll. Term. c.	2½	..
Dunlop T. p. $25	17	18½
Easy Wash. p $10	8	10
Fed. Grain pf.	44	47
Galt Brass, c.	10	12
Goderich Elev.	8	9
Guard. Realty, p	12½	15
Guelph Carp., c.	13	16
Gurney Fdy., p.	1½	1½
Hart Battery	5½	..
Hayes Steel, c.	13½	15
High. Dairy pf.	..	45
Inglis John	6	7½
Ingram & Bell p	88	..
Kingst. Ship., c.	11	13½
Loblaw Inc. c.	11½	13½
Minn.&Ont. p. c.	4½	4½
Mt. Royal H. c.	2½	4
Morrison Br. un.	5½	7

	Bid	Ask.
M'row Screw p.	100	103
Do., com.	14	16
Neilson, c.	10	..
Neilson Wm. p.	100	..
N. Meth. Ldy. p.	74	..
Ont. Tobacco, p.	16	18½
Prov. Paper, p.	92	96
Quinte Milk	2½	3½
Rel. Grain	6	8½
Do., pref.	78½	82½
Robertson, P. L.	305	..
Stand. Fuel, p.	50	53
Stedman, pf. $50	53	56
River Silk B.	1½	..
Sutton Horsley	1	1½
Tor. Carpet, c.	65	..
Do., pref.	67	72
Un. F. Co-op.	3½	5
Un. Steel, A. pf.	23	24½
Viceroy Mfg., c.	12½	..
Do., pref.	23	..
Waterloo Mfg.	3½	..
Trust & Loan Stocks:		
British Mtge.	116	125
Brockville Tr.	43	..
Cap. Trust	28½	32
Comm. Fin., co.	5	6½
Grey&Br. Tr.$50	45	..
Guaranty Trust	100	103
Guelph & O. $50	50	53
Indust. Mtge.	25½	28½
Lambton Loan	34	..
Lon. & W. Trust	31	34
Midland Loan	14	16
Premier Trust	24	27½
Sherbrooke Tr.	120	..
Sterling Trust	51	53
Trusts & Guar.	28	31
Victoria Trust	63	68
Waterloo Trust	99	..
Insurance Stocks:		
Brit. Amer.	50	52½
Canada Life	300	327½

	Bid	Ask.
Canadian Fire	74	78
Confed. 30% pd.	125	131
Cons. Fire	3½	..
Continental L.	30	34
Crown Life	250	264
Dominion Fire	130	138
D. of Can. Gen.	115	125
Dom. Life	177	200
Empire, 25% pd.	4½	5½
Excelsior 40%pd	66	72
Fed. Fire 25% pd	53	56
Great-West Life	212	225
Halifax Fire	14½	15½
Imperial Life	240	265
Manufac. Life	212	222
Monarch Life	31	34
National Life	8	10
Sov. L. 25% pd.	11	12½
Sun Life	220	250
Tor. General	4	5½
Wellington Fire	58½	..
Western Assce.	38	38
Do., pref.	40	44
Theatre Stocks:		
Allen's St. Cath. units	55	58
Do., Kingston	63	66
Do., Toronto p	34½	37
Manaf. Theat. p	45	..
Para. Kitch. p.	50	..
Do., Oshawa, c	9½	11
Investment Trust Shares:		
Sec's. Hold., pf.	27	19
Th. Can. Inv. Tr.	1½	1½
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	102	107
Gt. Lakes Pr., p	100	103½
Int. Util. $1.75 p	7	..
Do., $3.50 p	24	..
Mtl. Is. Pwr. p	41	..

Unlisted Mines
Toronto, Dec. 29, 1942

	Bid	Ask
Adnaron	.26	.28
Albany R (old)	.01	.04
(new)	.04½	.08
Amal Kirk	.06½	.07½
Ancki	.01	.03
Aquarius	.06	.10
Arjon	.03	.05
Armistice	.20	.23
Argosy	.03	..
Area	.05	.06
Arntfield	.00½	.01½
Barb Lard	.01½	.02½
Brock	.04½	.05½
Clift Cons	.21½	.24
Can Rad	.03	.05
Cent Man	.01½	.02½
Cheminis	.02	.04
Columb	.23	.24

	Bid	Ask
Cons Chib	.04	.06
Delpine	..	.03
De Santis (new)	.02	.03
Dona Pat	.00½	.01½
Eastward	.06	.10
Elmos	.03	.06
Franco	.18	.23
Goodrock	.22	.23
Hayes Cad	.02½	.03
Hoyle (new)	.10	.12
Hugh P P	.02	.03
Kirk Town	.05	..
Lacoma	.00½	.01
Laguerre	.09	..
Lk Geneva	.04½	.05½
Low Pete	.28	.33
Magnet C	.24	.28

	Bid	Ask
Magnet Lk	.06	—
Maj Mica	.32	.35
Martin B	.02	.03
Mat Can	.01	.04
Mat Cons	.08½	.12
McMarm	.08	.12
Moffatt H	.01	.03
Mosher	.08	—
McManus	.00½	.01½
Nat Mal	.19	.21
Nick Off	.80	1.10
Norbeau	.13	.17
North Tin	.15	.17
Oklend	.03½	.04
O'Lea Mal	.02	.03
Opemiska	.03	.05
Orpit	.02	.03
Pascalis	.14	.17

	Bid	Ask
Pontiac R (old)	.02½	..
Prop'ary	4.20	4.30
Preador	.02½	.03½
Que Man	.20	.22
Rand Mal	.10	.12
Ritoria	.01	.02
S.A.G.A.	.05	.25
Sheldon	.05	—
Stadacona	.05	.10
Springer	.17	.20
Tombill	.05	.10
Tomah'k	.60	.65
Thoms Lk	.14	.17
Union Min	.02	.03
Wesley	.01½	.02
Young D	.17	.20

OIL ROYALTIES

Producing Wells — Prices and Payments

STOCKS NOT TRADED THIS WEEK

Corporation Bonds
(Supplied by Investment Dealers' Association of Canada)

Supplementary Stock Quotations

Supplementary Bond Quotations

Drilling Wells — Prices and Depths

Dividends Declared

	This payment $	Date payable	Date of record
Alta. W. Pres. p.	1.75	Jan. 1	Dec. 26
Anglo-Huronian	.10	Jan. 23	Jan. 8
Atlas Steels pfd.	1.75	Jan. 1	Dec. 16
Bathurst Pr. & P. A	.25	Mar. 1	Feb. 5
Barber-Ellis, pref.	1.75	Jan. 15	Dec. 31
Bell Telephone	2	Jan. 15	Dec. 23
Biltmore Hats	.15	Jan. 15	Dec. 31
Bralorne Mines	.20+.10	Jan. 15	Dec. 31
Brant Cordage, pfd.	.32½	Jan. 15	Dec. 20
Broulan Porc.	.03	Jan. 15	Dec. 31
B. C. Power A.	.50	Jan. 15	Dec. 31
B. C. Packers	.75	Mar. 15	Feb. 27
Blue Ribbon pfd.	.62½	Feb. 1	Jan. 21
B.C. Elec. Rly. pfd.	2½%	Jan. 15	Dec. 31
B. C. Tele., 2nd pf.	1.50	Feb. 1	Jan. 16
Can. Bronze	.37½	Feb. 1	Jan. 11
Do., extra	.50	Feb. 1	Jan. 11
Do., pref.	1.25	Feb. 1	Jan. 11
Can. & For. Sec.	.06	Feb. 1	Jan. 15
Can. Gen. Inv.	■.12½	Jan. 15	Dec. 31
Canadian Car, pfd.	.44	Jan. 11	Dec. 21
Can. South. Rly.	1.50	Feb. 1	Dec. 28
Canada Starch	.50	Jan. 15	Jan. 8
Do., pref.	3.50	Feb. 15	Feb. 8
Can. Bk. of Comm.	1.50	Feb. 1	Dec. 31
Can. Converters	.50	Jan. 30	Dec. 28
Can. Fairbanks, pfd.	1.50	Jan. 15	Dec. 31
Can. Int. Tr. shs.	.113008	Jan. 2	Coup. 25
Do., mod. com.	.130068	Jan. 2	Coup. 25
Can. Celan. Inc. rts.	1	Mar. 15	Dec. 31
Can. Pac. Rly., pfd.	2%	Feb. 1	Jan. 1
Can. Industries pref.	1.75	Jan. 15	Dec. 31
Can. Light & Pr.	.50	Jan. 15	Dec. 24
Can. Nor. Pr.	■.15	Jan. 25	Dec. 19
Do., pref.	■1.75	Jan. 15	Dec. 19
Cent. Pat. Gold	.03	Jan. 4	Dec. 10
Cockshutt Plow	.25	June 1 '43	May 15
Comm. Alcohol	.05	Jan. 15	Dec. 31
Do., pref.	.10	Jan. 15	Dec. 31
Crown Life	3%	Jan. 2	Dec. 31
Deb. & Secs. Cp. pf.	2.50	Jan. 2	Nov. 30
Distillers Seag. pf.	†1.25	Feb. 1	Jan. 15
Dominion Bank	2	Feb. 1	Jan. 15
Dome Mines	■.40	Jan. 20	Dec. 31
Dom. Tar, pref.	1.37½	Feb. 1	Jan. 15
Dom. Textile, pref.	1.75	Jan. 15	Dec. 15
Dom. Fire	3	Jan. 2	Dec. 31
Eastern Car, pfd.	6	Jan. 2	Dec. 15
Eastern Steel	.25	Mar. 1	Feb. 15
Do., pref.	.25	Jan. 1	Dec. 15
Ensign Insur.	1.50	Jan. 2	Dec. 31
Excelsior Life	4%	Jan. 2	Dec. 31
Farmers' Tele.	.63	Jan. 30	Dec. 31
Foundation Co.	.35	Jan. 20	Dec. 31
Goderich Elev.	.25+.25	Jan. 2	Dec. 21
Guar. of N. Amer.	1.50	Jan. 15	Dec. 31
Do., extra	2.50	Jan. 15	Dec. 31
Guaranty Trust	1.25	Jan. 15	Dec. 31
Gordon & Belyea, A	2	Feb. 1	Jan. 21
Do., (B)	.40	Feb. 1	Jan. 21
Do., pref.	1.50	Jan. 2	Dec. 24
Gt. Lakes Power	3	Dec. 24	Dec. 18
Do., pref.	1.75	Jan. 15	Dec. 31
Invest. Found., pfd.	.75	Jan. 15	Dec. 31
Imperial Life	3.75	Jan. 2	Dec. 31
Inter. Paints, pfd.	1	Jan. 12	Dec. 12
Do., arrears	.50	Jan. 12	Dec. 12
Inter Nickel pref.	†1.75	Feb. 1	Jan. 2
Imperial Bank	2	Feb. 1	Dec. 31
Inter. Bronze	■.20	Jan. 15	Jan. 5
Do., pref.	■.37½	Jan. 15	Jan. 5
Inter. Milling pfd.	†1.25	Jan. 15	Dec. 31
Lake Dufault	.02	Jan. 25	Jan. 6
Lamaque G.	.10	Feb. 1	Jan. 8
Manufacturers Life	6	Jan. 2	....
Melchers Dist. pfd.	.30	Feb. 15	Feb. 1
Mill C. Pete.	.03	Jan. 29	Jan. 8
Mansfield Theat. p.	1.75	Dec. 30	
McColl. Front., pref.	1.50	Jan. 15	Dec. 31
Moneta Porc.	.02	Jan. 15	Dec. 31
Maritime Tel.	.20	Jan. 15	Dec. 19
Do., pref.	.17½	Jan. 15	Dec. 19
Montreal Power	.38	Jan. 30	Dec. 31
Nat. Biscuit	†.30	Jan. 15	Dec. 11
New Bruns. Tele.	.13	Jan. 15	Dec. 31
Nor. Ont. Pwr.	.12	Jan. 25	Dec. 31
Do., pref.	1.50	Jan. 25	Dec. 31
Nat. Steel Car	.50	Jan. 15	Dec. 31
O'Brien Gold	.03	Jan. 16	Dec. 26
Paymaster Cons.	■.01	Jan. 15	Dec. 31
Penmans	.75	Feb. 15	Feb. 5
Do., pref.	1.50	Feb. 1	Jan. 21
Pickle Crow	.10	Dec. 31	Dec. 15
Premier Gold	.01½	Jan. 15	Dec. 15
Premier Trust	1	Dec. 31	Dec. 19
Proprietary M.	.08	Jan. 6	Dec. 23
Preston E. Dome	.05	Jan. 15	Dec. 23
Power Corp.	■.15	Feb. 1	Dec. 31
Do., pref.	■1.50	Jan. 15	Dec. 19
Do., 2nd pfd.	■.75	Jan. 15	Dec. 19
Quebec Power	.25	Feb. 25	Jan. 26
Robin J. & Whit. p.	3	Jan. 2	Dec. 15
Regent Knit, c.	.25	Jan. 15	Jan. 2
Shawinigan W. Pr.	.23	Feb. 25	Jan. 25
H. Smith Pap. pfd.	1.50	Jan. 15	Dec. 31
Sheep Creek G.	.04+.01	Jan. 15	Dec. 31
St. Law. Corp. A.	■.25	Jan. 15	Jan. 2
St. Law. Paper	■.75	Jan. 15	Jan. 2
Sigma Mines	■.30	Jan. 15	Dec. 31
Stand. Radio A. B.	.10	Jan. 10	Dec. 31
Sherwin Wms. ord.	.15	Feb. 1	Jan. 15
St. J. Drydock pfd.	1.37½	Jan. 2	Dec. 22
Scythes & Co.	.50+.50	Jan. 15	Jan. 10
Do., pref.	.87½	Jan. 15	Jan. 10
Silbak Premier	.04	Jan. 25	Jan. 5
Sun Trust	2.50	Dec. 31	Dec. 26
South. Can. Pwr.	.20	Feb. 15	Jan. 20
Do., pref.	1.50	Jan. 15	Dec. 19
Sylvanite Gold	.03	Jan. 15	Dec. 31
Steel of Can.	.75	Feb. 1	Jan. 7
Do., pref.	.75	Feb. 1	Jan. 7
Teck-Hughes	■.10	Feb. 1	Jan. 8
Treadwell Yukon†	.15	Dec. 28	Dec. 24
Tuckett Tob., pfd.	1.75	Jan. 15	Dec. 31
Wood, A. J. pfd.	1.75	Feb. 1	Jan. 15
West. Grocers	.75	Jan. 15	Dec. 20
Do., pref.	1.75	Jan. 15	Dec. 20
West. Assur. pfd.	1.20	Jan. 2	Dec. 31
Weston Geo. pfd.	1.25	Feb. 1	Jan. 15
Zellers	.20	Feb. 1	Jan. 15
Do., pref.	.37½	Feb. 1	Jan. 15

†N. Y. funds. ■Subject to approval of Foreign Exchange Control Board.

DIVIDEND NOTICES

THE CANADIAN BANK OF COMMERCE

Dividend No. 224

Notice is hereby given that a dividend of one and one-half per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 30th January, 1943, and that the same will be payable at the Bank and its Branches on and after Monday, 1st February next, to shareholders of record at the close of business on the 31st December, 1942. The Transfer Books will not be closed.

By Order of the Board.

S. M. WEDD,
General Manager.

Toronto, 28th December, 1942.

The Dominion Bank

Dividend No. 241

Notice is hereby given that a dividend of two per cent upon the paid up capital stock of this Institution has been declared for the quarter ending 31st January, 1943. The dividend will be payable at the Head Office of the Bank and its Branches on and after Monday, the first day of February, 1943, to shareholders of record of the 15th January, 1943.

By Order of the Board,

ROBERT RAE,
General Manager.

Toronto, 10th December, 1942.

Mill City Petroleums Limited

301 Lancaster Building
Calgary, Alberta

Notice is hereby given that a dividend of three cents (3c) per share has been declared, payable on January 29th, 1943, to shareholders of record at the close of business January 8th, 1943.

The share transfer books of the Company will be closed from January 9th to January 29th, 1943, inclusive.

By Order of the Board,

WM. KEMP,
Secretary.

Penmans Limited

Dividend Notice

NOTICE is hereby given that the following Dividends have been declared for the quarter ending the 31st day of January, 1943.

On the Preferred Stock, one and one-half per cent (1½%), payable on the 1st day of February to Shareholders of record of the 21st day of January, 1943.

On the Common Stock, seventy-five cents (75c) per share, payable on the 15th day of February to Shareholders of record of the 5th day of February, 1943.

By Order of the Board.

C. B. ROBINSON,
Secretary-Treasurer.

Montreal,
December 21, 1942.

The Business Of Farming

By GORDON L. SMITH

In developing any practical post-war programme it is to be hoped that agriculture will come in for serious consideration. Definite statistics are out of date or at best incomplete, but the most casual observer of rural conditions must realize that hundreds of thousands of our farm homes are obsolete and much of our other farm equipment as well. Here is a potential market for hundreds of millions of dollars of urban manufactured products. The main problem is how to tap it.

* * *

Few Conveniences

The average Canadian farm home has no running water, no electricity, no central heating and lacks scores of other conveniences and labor saving devices that even the most modest city dweller takes for granted. The absence of these things makes for drudgery, ill health and rural discontent.

In this broad statement we are looking at the whole national picture. It is perfectly true that there are a substantial number of modern farm homes, just as conveniently and efficiently equipped as the average home in the city but this is far from true of the majority. Away from the big cities in eastern Canada and throughout at least 75% of the farming country in the western provinces the farm home is almost as primitive as when it was first established.

* * *

Could Spend $1,000 Each

At the very least a thousand dollars could be spent on each of these homes and that amount of money would only provide meagre conveniences. To produce an adequate supply of running water alone usually requires an expenditure of several hundred dollars for a well or cistern, pipes and pumps. A modest bathroom plus kitchen sink and boiler with the labor and necessary pipe and fittings, will cost four or five hundred dollars. Another hundred or more would have to be expended on some system of safe sewage disposal.

The cost of wiring the average farm home for electricity will be in the neighborhood of $150 and considerably more where any connecting power line has to be built. If an electric stove and refrigerator are to be added then the bill is increased by $250 to $400. Installation of central heating will run from $200 to $1,000 for materials and labor.

* * *

Barns and Stables

No farm, of course, is complete without some outside buildings in the form of barns and stables. Here again there is a huge market for industrial manufacturers, and one that remains largely unexploited. Stables require water systems for stock, stanchions or stalls for cattle and horses, feed carriers, feed grinders, milking machines and much other costly equipment if they are to be really up-to-date and to be operated with a minimum of hand labor.

* * *

Need New Buildings

And so far no consideration has been given to the actual buildings themselves. Again reliable and recent statistics are unavailable but it is a safe guess that perhaps 50% of the existing farm buildings in Canada and particularly the farm homes, could be razed and replaced or at least completely renovated, with great advantage to health, convenience and the general appearance of the countryside. A great many farm houses in the newer districts of Canada are little more than glorified shacks.

* * *

Prosperity Would Do it

The only practical way to tap this vast market for industrial goods is to make the Canadian farmer more prosperous. This does not necessarily mean a sharp stepping up of prices. Much wider markets for farm products and lower costs of production, primarily through better methods, would also do the trick.

On more than one occasion it has been remarked that about the only time the average farmer was able to accumulate enough money to build a new house was during a war when exports and prices boomed. Supporters of that contention point to a certain type of heavy stone house, familiar in some sections of Ontario which was erected during the Crimean War. Another, of white brick, and very numerous in western Ontario, is supposed to have been largely built during the American Civil War, when Canada sold much grain to the States. And there is the square, usually brick cottage roofed structure, put up during the first Great War period.

This time with building materials getting scarce and especially those that have to do with plumbing, heating and wiring, whatever farm building boom that may result from this war, will have to wait until after the peace.

Commodities

	Latest week	Previous week	Same week last yr.
Cattle	$11.10	$11.05	$8.99
Hogs	16.75	16.65	15.00
Copper, lb.	*.12	.12	.12
Cotton, lb.	.2057	.2045	.1808
Sugar, raw, lb.	*.0374	.0374	.0350
Wheat, Man. (bu.)	.90¼	.90½	.74¼
Coffee, lb.	*.09⅜	.09⅜	.09⅛
Hides	*.15½	.15½	.15½
Weekly Indices			
U. S. Labor	100.7	100.5	94.0
Dow Jones (fut.)	87.52	87.32	83.87
Wood, Gundy	78.9	78.8	75.3
Fishers	109.1	108.8	100.9
Monthly Indices			
Canada (D.B.S.):			
Retail (Nov.)	118.6	117.8	116.3
W'sale (Nov.)	97.1	96.8	94.0
U. S. (Oct.)	100.0	99.6	92.4
Gt. Brit. (Sept.)	159.7	159.9	154.3

Note:—The base of indices is that 1926 equals 100. †Base 1935-39 equals 100. The British index is Board of Trade converted to 1930 base

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price Toronto. Copper - electrolytic, New York. No. 7 coffee, Rio. Sugar—96 degrees centrifugal, c/f New York. Wheat — No. 1 Man. North., Ft. W.-Pt. A. basis.

*Ceiling prices fixed by the office of Price Administration.

DIVIDEND NOTICES

The Shawinigan Water and Power Company

NOTICE is hereby given that a dividend of twenty-three (23c) cents per share has been declared on the no par value common shares of the Company for the quarter ending December 31, 1942, payable February 25, 1943, to shareholders of record January 25, 1943.

BY ORDER OF THE BOARD.

H. G. Budden,
Secretary and Assistant Treasurer.
Montreal, December 28, 1942.

Guaranty Trust

COMPANY OF CANADA

QUARTERLY DIVIDEND

NOTICE is hereby given that a dividend of 1¼%, being at the rate of 5% per annum on the paid-in capital stock of the Company, has been declared for the quarter year ending December 31st, 1942, payable January 15th, 1943, to shareholders of record at the close of business December 31st, 1942.

By Order of the Board,

J. WILSON BERRY,
GENERAL MANAGER.

Coarse Grains Flow to U. S.

See Hope That New Trade May Prove Permanent

From Our Own Correspondent

WINNIPEG. — Most interesting grain market development of the past few days has been transaction of a large business in oats for destinations in the central United States. Since the beginning of this crop year there have been hopes that demands from south of the border for Canadian oats might be large. Some considerable shipments have been made, but they were for the most part to the northeastern states, an area where oats are customarily brought in from the outside.

The fact that Canadian oats were selected this year was an indication that Canadian oats were somewhat cheaper than oats which might otherwise have been brought in from the western states, but it did not necessarily mean any deficiency in the total supply, nor did it necessarily presage a business of long continuance.

New Business Important

The new business lately done is considered to be important, not only because of the quantity of several million bushels already involved, but also because of indications that subsequent demands may be large. The purchases in the northeastern states were mainly designed for feeding on dairy farms. The more recent purchases were destined to mills, for use apparently both in oatmeal and in mixed feeds for livestock. It is considered a good omen to have manufacturers in the United States turning to Canada for supplies of oats, as substantial new channels for trade, through which much more considerable volume may yet flow, are being opened up.

It is important to remember, in connection with the hoped-for business in coarse grains this year, that such trade in either oats or barley has not been important for many years. If exports are to be large this year, brokers, manufacturers and consumers who have not formerly used them, must get used to Canadian grains.

Move by Rail

Earlier shipments of oats were made down the lakes from Port Arthur and Fort William. Since navigation closed there has been a continuation of shipments to eastern destinations, now made by the all-rail route. The most recent movement of oats has been different, in that shipments have been made direct from country elevators to destinations in the central states, without the grain passing through lakehead terminals. Sales, however, have been made on official grading, based on government inspections at Winnipeg.

Demand from the United States has also continued for Canadian malting barley. Its price, as a result of such demand, remains steady at the ceiling level imposed under regulations of the Wartime Prices and Trades Board. Without that ceiling it is quite possible that more substantial premiums might be realized for malting barley. An increase in barley prices would hardly be felt as a hardship by brewers, since the excise tax on malt amounts to many times the value of the barley consumed in manufacturing it.

Increase Quotas

The Canadian Wheat Board continues to increase quotas for deliveries of grain at points where elevator space is not yet fully occupied. The quotas so far allotted would allow for the delivery of over 160 million bushels of wheat, but so far this year deliveries are only about 130 millions. There are places, of course, where local elevator congestion prevents farmers from delivering all the wheat that their quotas would entitle them to. But there are also many points where evidently farmers are in no great hurry to make further wheat deliveries.

That fact is not to be taken as indicating that the farmers in question do not need the money. Largely it results from the fact that at harvest time wheat which could not be delivered from the threshing machine was put into some form of storage. In many cases this is of such a nature that farmers hesitate to break open a bin to dispose of only a portion of the contents. They are waiting for some more substantial enlargement of quotas than has yet taken place, in order that when they resume grain hauling on the roads, they may make a good job of it at one time.

Butter Muddle Background

Rationing Helps Clear Up Price Inequalities

By STAFF WRITER

OTTAWA.—Authorities here are giving little serious consideration to the possibility of butter imports or margarine substitution as a means of bolstering up the declining domestic supplies.

So far as imports are concerned, Great Britain now has the inside track on New Zealand supplies which are allocated to her under special agreement. It might be necessary to make some special arrangement with Britain to by-pass some of this butter to Vancouver. With the Canadian ration now four times that of U. K. it is not thought likely that any request from Canada would meet with very enthusiastic reception.

Chief difficulty with margarine (apart from the traditional political and farm bloc objections which have continuously manoeuvred to keep margarine from being sold in Canada since the last war) is the shortage of animal and vegetable oils. This problem is now so acute that shortening plants were forced to accept a 20% cut in production last August. Any large-scale production of margarine would require additional oil imports and also some diversion of milk. Even if machinery were available to manufacture margarine in this country this question of raw materials would be a very substantial one.

W.P.T.B. Optimistic

Apart from these technical difficulties, the fact seems to be that Canada as yet has not looked on its butter shortage as sufficiently acute to warrant serious consideration of either imported butter or a lowering of the bars against margarine. The optimistic view (held by most W.P.T.B. officials) is that while the situation will be very tight between now and next May when big production comes in, the imposition of rationing will provide equitable distribution between then and now and in all probability enable Canada to surmount the "crisis." After that, it is believed that the present bonus arrangement together with other prices and marketing adjustments which have been made will be sufficient to ensure an adequate butter supply to meet all reasonable wartime needs.

What the rationing plan is hoped to effect is a cleaning up of the "milk muddle," the cumulative maladjustment in the price structure of the dairy industry.

Too Little Too Late

Why was the butter dilemma a matter of "too little and too late?" The facts are briefly these:

When the price ceiling was introduced last December, the delicate price-supply mechanism which controls the flow of milk into its four main channels (fluid milk, butter, cheese and concentrated milk products) was allowed to get considerably out of kilter.

Subsidies on cheese put the makers of that product in a position where they could offer farmers better prices for their milk than the competing creamerymen or butter makers. As a result cheese production rose sharply, enabling us to meet more than our export quota to Great Britain, while the butter make declined. At the same time domestic consumption of butter began to rise sharply.

Subsidy Was Late

It is reported here that as early as April, 1942, W.P.T.B. was advised to take some drastic action to correct this situation so that farmers would be encouraged to produce more butter during the big producing months of May-October when 70% of creamery butter is made. The Board delayed action, however, until July 6, when a butterfat subsidy of six cents a pound was granted to farmers. Besides being late in coming, this still left the price margin in favor of cheese.

Until midsummer, the cumulative production of butter as compared with a year ago was almost 10% behind 1941. This lag was overtaken only very slowly during the summer and when the alarming increase in "disappearance" developed in August, September, October and November, butter stocks took a heavy beating. It was during these periods that first rumors of consumer hoarding were reported. The only favorable factor on the butter horizon all season was an increase in production in November, which amounted to nearly five million pounds or 13% more than the corresponding figure for November, 1941.

Another disturbing price board policy which has undoubtedly added to the present crisis was the announcement of an ascending scale of butter prices during the winter, starting from the 35 cent base which prevailed in the period of peak production (May to October). The price schedule was to rise by ¾ cent a pound each month, to a peak of 38½ cents in March and April in the chief producing areas of Ontario, Quebec and British Columbia.

Forward Selling

But the actual price of carrying butter in these months is said to be only ¼ cent to three eighths cent a pound per month depending on whether storage space is rented or not. Thus the much higher fixed scale of W.P.T.B. prices, in a time of short supply, put a premium on forward selling. It was good business for the trade to store butter or sell it for future delivery. (A recent order of the board last month requiring the trade to turn in 25% of its storage stocks was an attempt to correct this weakness and release butter to meet the rising consumer demand.)

Another disturbing and confusing factor has been the fact that while the new butter ration plan applies to all butter (dairy or farm-made butter and creamery) the butterfat subsidy applied only to creamery. Normally, creamery butter accounts for 75% of the total butter used in Canada. But with the payment of a substantial subsidy on creamery butter, farmers naturally have been diverting more cream to the commercial creameries, with the result that the normal figures of production (which refer to creamery butter alone) have been inflated.

The corresponding drop in dairy production has had the dual effect of offsetting the supposed increase in creamery production and at the same time causing an increased farmer demand for creamery butter. A large proportion of farmers ship all cream to creameries and buy back butter for their own needs.

There is another confusion which probably offsets to a further and perhaps considerable degree the charge that it is all the consumer's fault that the butter crisis has arisen.

"Invisible Exports"

In reckoning the monthly "use" or disappearance of butter it is not possible to take into account "invisible" exports which in recent months have grown to considerable proportions. These items are, gift parcels, ships' stores and Red Cross prisoner parcels. No estimate can be made of the extent of the first two items, but it is known that Canada has become a very important factor in supplying ships' stores, as convoy and other vessels, which normally got all their supplies from U. K., come to Canada to refit and replenish. In respect of Red Cross boxes, the present volume of shipment is running between 80,000 and 100,000 a week. On the basis of the former figure this would account for over four millions pounds of butter a year. The number of prisoner boxes has been stepped up very sharply in recent months.

So far as the future is concerned, the present ration calls for an annual per capita consumption of 26 pounds. This is approximately what Canadians consumed in 1921. It is believed to be substantially higher today but even with the implied reduction there is some doubt of the ability of Canadian farmers to meet the ration in 1943:

1. The fact that if present disappearance is continued (that is, if the coupon plan merely halts but does not retard the growth of butter "use" in Canada during the next four or five months) it will be necessary for Canada to increase production by 30 to 40% between now and next May.

2. The steadily deteriorating farm manpower situation which affects dairying more than almost any other type of farming.

What is argued is that if dairy cattle herds are weakened (as it is expected that they will be in 1943) the natural product to "take the rap" will be butter, since cheese is needed as part of Canada's war effort and contribution to Britain, and fluid milk supply must be maintained from a purely health standpoint.

The Pessimistic View

Thus the pessimistic view (not as yet echoed officially in W.P.T.B. statements) is that Canada faces a reduction in her butter ration in 1943.

The other important point of view (also not reflected in official statements) is that there were other niggers in the butter woodpile than the unpatriotic Canadian housewife who hoarded butter in recent weeks when she became panicky about the continued and somewhat misleading emphasis on "no butter shortage."

Admittedly there is another side to the question. There is the view (widely held in certain quarters) that there is no serious overall butter shortage and that the real problem is maldistribution. This is the view stressed by Donald Gordon in his broadcast.

According to this argument, the hoarding housewife has bedevilled what was admittedly a delicate balance as between demand and available supply. Up until a few hours before the ration policy was decided it had been hoped to avoid rationing. When a public plea for lowered consumption was made a few weeks ago, the policy of the board was adamant against any formal coupon ration plan.

If this view is correct, the coupon ration plan should relieve pressure sufficiently to permit us to "get by" the critical period of spring shortage which looms ahead in February, March and April. After that, it is hoped that there will be ample supplies available.

DIVIDEND NOTICES

BRITISH COLUMBIA PACKERS LIMITED

NOTICE is hereby given that the Directors of British Columbia Packers Limited have declared a dividend of 75 cents per share, payable by cheque to be issued at Vancouver, on 15th March, 1943, to shareholders of record at the close of business on February 27th, 1943.

Shareholders holding certificates in "street" form are requested to surrender such certificates to the Company's transfer agents, The London & Western Trusts Company Limited at its office in Toronto or Vancouver, or the Chartered Trust and Executor Company at its office in Montreal, so that they may become registered as the owner of such shares on or before 27th February, 1943.

DATED at Vancouver, B.C., this 23rd day of December, 1942.

By Order of the Board,

A. HAMILTON,
Secretary.

Bathurst Power and Paper Co. Ltd.

NOTICE OF DIVIDEND ON CLASS "A" SHARES

The Board of Directors has to-day declared a quarterly dividend of Twenty-five cents (25c) per share on the outstanding Class "A" shares of this Company, payable on the 1st day of March, 1943, to shareholders of record at the close of business on the 5th day of February, 1943.

H. J. WEBB,
Vice-President & Treasurer.

December 28th, 1942.

Wheat Prices

Winnipeg Grain Futures

Week of Dec. 28, 1942

Crop year from Aug. 1, 1942 High	Low		High for week	Low for week	Close Dec. 28
		Wheat			
.91¼	.90	Dec. ...	.90	.90	.90
.94	.93⅜	May ...	.93½	.93⅜	.93⅜
		Oats			
.46⅞	.45	Dec. ...	.46⅛	.45½	.46⅛
.48⅞	.45⅝	May ...	.48⅞	.48⅛	.48¾
.49	.47⅝	July ...	.49	.48⅜	.48⅞
		Barley			
.61⅛	.60	Dec. ...	.60⅛	.60	.60⅛
.63½	.60¾	May ...	.63	.62¾	.63
		Rye			
.65½	.53⅝	Dec. ...	.65½	.64⅜	.65¼
.66⅝	.56¼	May ...	.66⅝	.65⅝	.66⅝
.66⅝	.65	July ...	.66⅝	.66⅛	.66⅝

Cash Quotations

	For Week Dec. 28 High	Low	Prev. Week High	Low
Wheat:				
1 Nor.	.90¼	.90¼	.90⅜	.90¼
2 Nor.	.87	.87	.87	.87
3 Nor.	.83¾	.83¾	.83⅞	.83¾
4 Nor.	.81⅝	.81⅝	.81¾	.81¼
5 Wheat	.78½	.78½	.78¼	.78
6 Wheat	.76½	.76½	.76¼	.76
Feed	.75½	.75½	.75¼	.75
Oats:				
2 C. W.	.46½	.45⅝	.45½	.45
3 C. W.	.43⅛	.42½	.43	.42
Barley:				
1 Feed	.56¾	.56¾	.56⅝	.56
2 Feed	.55¾	.55¾	.51½	.55
Rye:				
2 C. W.	.64⅝	.64⅝	.64½	.62¾

Ontario Leads In Life Sales

Sales of new ordinary life insurance in Canada and Newfoundland in November totalled $52 millions, the total sales for the 11 months being $489.2 millions. Ontario sales for the month were $21.5 millions and Quebec came next with $14.8 millions.

The figures are based on the experience of 18 companies representing 85% of the business in force. They are for new, settled-for, ordinary insurance, exclusive of increases, revivals, dividend additions etc. Figures are compiled by the Life Insurance Sales Research Bureau and released by the Canadian Life Insurance Sales Research Bureau.

Sales in November	$
British Columbia	4,051,000
Alberta	2,386,000
Saskatchewan	1,705,000
Manitoba	2,880,000
Ontario	21,501,000
Quebec	14,807,000
New Brunswick	1,432,000
Nova Scotia	2,153,000
Prince Edward Island	408,000
Newfoundland	700,000
	52,042,000
Eleven Months	
British Columbia	37,183,000
Alberta	24,488,000
Saskatchewan	15,273,000
Manitoba	27,338,000
Ontario	213,254,000
Quebec	130,428,000
New Brunswick	12,863,000
Nova Scotia	19,354,000
Prince Edward Island	2,734,000
Newfoundland	6,331,000
	489,246,000

McCABE BROS. GRAIN CO. LTD.
WINNIPEG, MAN.
Grain Commission Merchants — Shippers and Exporters — All Grains-Sacked Feeds
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Grain Merchandising
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"An old established firm with a reputation for doing business RIGHT"

FEDERAL GRAIN LIMITED
OPERATING TERMINAL ELEVATORS - FORT WILLIAM - PORT ARTHUR - VANCOUVER
436 COUNTRY ELEVATORS THROUGHOUT THE WEST
113 COAL SHEDS
Our Service and Facilities Guarantee Satisfaction

Since 1857
James Richardson & Sons LIMITED
Grain Merchants
Shippers and Exporters
HEAD OFFICE
WINNIPEG
Branches Throughout Canada

Company Reports

Honey Dew

Sales of Honey Dew Ltd. during the year ended Oct. 31 increased by 4% to $1.8 million. This increase would have been greater but for the fact that the Canadian National Exhibition was not open this year.

E. P. Taylor reports that many special problems had to be met, including the necessity of selling at ceiling prices which prevailed a year ago while buying a substantial amount of the merchandise so sold in uncontrolled markets. Scarcity of competent help presented a continual problem.

New shops were opened in Hamilton and London, Ont., and other shops were renovated. During the year Honey Dew Western Ltd. was acquired for 761 shares and the assets and liabilities of this company have been included in the accounts of Honey Dew Ltd. at their book value. This gave the company three additional shops in Vancouver and one in Winnipeg.

Honey Dew also acquired Industrial Food Services Ltd., a departure into a new field which has brought a proposed change in the company's set-up, as reported elsewhere in this issue.

Income and Surplus Account
Years ended Oct. 31

	1942 $	1941 $
Sales	1,800,492	1,716,279
Less: Cost of sales	1,543,832	1,479,990
Operating profit	256,660	236,289
Add: Other income	329	934
Less: Depr. amort.	85,330	96,798
Interest	13,308	15,079
Taxes	60,000	45,000
Net profit	98,331	80,346
Less: Dividends	41,670	41,290
Surplus for year	56,661	39,056
Add: Prev. surplus	247,237	208,181
Surplus forward	303,898	247,237
Earned per share	$4.59	$3.89
Paid	2.00	2.00
Working Capital	$	$
Current assets	162,098	126,613
Current liabilities	174,836	177,678
Working capital deficit	12,738	51,065
Balance Sheet Changes	$	$
Cash	29,022	29,164
Inventories	111,262	84,505
Inv., advs. subsids.	516	44,371

Second C.I.I. Co.

Second Canadian International Investment Co. income in the year ended Nov. 30, 1942, totalled $28,634, as against $36,936 the previous year. The decline was largely due to the fact that in 1941 arrears of preferred dividends amounting to over $6,000 were received from one of the company's larger investments. While expenses were reduced, net income available on the common stock was 38 cents a share compared with 59 cents the year before.

Market value of the company's investments at the end of November stood at $372,100, as against a book value of $398,733. This compares with a book value of $426,468 and a market value of $436,900 at the end of the previous year. During 1942 secured loans were reduced from $120,000 to $100,000.

Income and Surplus Account
Years Ended Nov. 30

	1942 $	1941 $
Gross income	28,634	36,936
Less: Expenses	1,895	[illegible]
Interest	3,197	6,119
Income tax	1,878	3,361
Net income	21,663	26,042
Less: Pfd. dividend	14,658	14,858
Com. dividend	5,657	3,771
Surplus	1,348	7,413
Previous surplus	19,642	12,229
Surplus forward	20,990	19,642
Earned on common	38c	59c
Paid on common	30c	30c

Inter. Paints (Canada)

International Paints (Canada) Ltd. gross income for the year ended Sept. 30, 1942, totalled $536,271, as against $406,019 the year before. After provision for substantially higher taxes and reserves, net profit of $63,000 was equal to $1.50 a share on the preferred stock. This contrasts with $52,500, or $1.25 a share, in 1941.

D. R. W. McKean, secretary, has been made a director to fill the vacancy caused by the death of Sir George Macdonogh.

Balance sheet generally shows a strengthening of position. During the year the balance of $29,200 of bonds was redeemed and cancelled. A regular dividend of 5% was declared on the preferred, plus 2½% on account of arrears, a total of $1.50 a share, both payable Jan. 12 next.

In his report Frank M. Ross, president, states the acquisition of the Vancouver plant of Henry Darling & Son Ltd. will enable the company to provide better service and relieve the strain on the main manufacturing plant in Montreal.

Income and Surplus Account
Years Ended Sept. 30

	1942 $	1941 $
Gross earnings	536,271	406,019
Less: Exec. remuneration	31,715	28,551
Directors' fees	2,040	1,770
Legal fees	79	448
Depreciation	47,127	49,279
Interest	1,472	3,078
Inc. and E. P. taxes	292,676	184,423
General reserve	46,162	32,662
Inventory res.	52,000	35,000
Bond amortiz.	......	9,306
Bad debt res.	......	9,000
Net profit	63,000	52,500
Less: Preferred dividends	52,490	52,490
Surplus for year	10,510	10
Add: Previous surplus	64,216	64,845
Exch. profit on bond red.	2,380	2,380
Tax adjust.	909	*181
Less: Loss on assets	1,763	2,838
Earned surplus forward	76,252	64,216

*Deduction in 1941.

	1942	1941
Earned per share:		
Preferred	$1.50	$1.25
Paid	1.25	1.25
Working Capital		
Current assets	1,362,458	1,162,081
Current liabilities	615,733	436,397
Working capital	746,725	725,684

The Year Ahead — Gold Mining

Gold Mining Horizon Clearer

Higher Stock Prices Reflect Improved Investor Sentiment

Investors in gold, base metal and strategic mineral issues are looking toward 1943 hopefully.

There is hope on the part of gold investors that 1942 developments signalled "the turn" in the war—and a perhaps early return to the day when the business of opening up new gold mines can be resumed.

There is hope—almost expectation—that base metal profits will continue stable for duration; that the war will not mean too severe a measure of mine exhaustion, no development lag that can't be made up after the war.

There is hope that strategic mineral output in 1943 will go far toward meeting our essential requirements, and that strategic mineral production will continue to grow after the war.

Market Shows Change

The mining market the last part of 1942 has been "the proof of the pudding" as regards improved sentiment among mining investors. Led by the golds, the market, in the fourth quarter of the year, completely retraced the ground lost in the preceding quarter when labor and supply difficulties started to become critical.

In addition to Allied military success, five factors appear to have been at work to keep gold stocks moving ahead.

1. Failure of Germany's offensive to discredit gold, and the employment of gold by the United Nations in North Africa.

2. Realization on the part of Ottawa that gold mining in Canada can't be curtailed beyond a certain point without doing the industry irreparable damage, and that gold is still a prime financial bulwark.

3. Re-opening of the labor market to gold mines on a limited scale and consequent easing of the prospective labor shortage at many gold mining properties, especially those in British Columbia.

4. The United States' decision to defer closing down a number of gold mining properties and hence a diminished likelihood of further important curtailment in Canada.

5. A growing tendency to regard gold stocks as a hedge against inflation evidenced, some quarters claim, by the growing difficulty of maintaining the price ceiling and increased subsidy payments.

Some Turn Out "Strategics"

To these potent market factors, others might be added, such as the established essentiality of certain gold mines as producers of strategic mineral by-products, and the demonstrated ability of some gold mines to offset the loss of labor by use of ingenuity in handling labor still available.

These influences, plus the improved military outlook, have carried the Toronto Stock Exchange index of golds to nearly 70 compared with a mid-year low of little more than 50.

Gold Price Goes Up

Despite the Axis anti-gold barrage, gold is today selling at premiums of up to 400% in countries such as Turkey and Portugal.

The degree of further curtailment of gold mining is to be based on what can be done without long term injury. Surveys undertaken by the industry itself, at the request of the Dominion Government, indicate that the limit has been about reached, and Ottawa has announced that it does not want to cripple gold mining, so mine officials are assuming that any more restrictions will be of a minor character.

The base metal mining industry labor force has been "frozen," possibility of the gold industry being called on further manpower contributions is thus more remote.

While the gold labor situation is more encouraging now, it should not be assumed there has been definite improvement in the number of men available. The improvement lies in the fact that demands for more labor from the industry haven't been as severe as at one time appeared likely—and that most of the major mines have been able to keep going, albeit at a reduced profit rate.

Homestake Still Producing

When the W.P.B. issued its order that all U. S. gold mining must be suspended within 60 days, fears concerning the wartime future of Canada's gold mining industry were natural. However, Homestake and perhaps a majority of other U. S. gold producers have had "reprieves" for various reasons. This undoubtedly is having an important psychological effect on the Canadian market.

As long as a "ceiling" is maintained on prices, gold mines are not likely to receive a higher price for their product from any degree of currency inflation. But investors are already looking toward the time when price controls may be removed, when prices of many things might move higher. Many are turning to gold stocks as a "hedge," just as they did in the last depression.

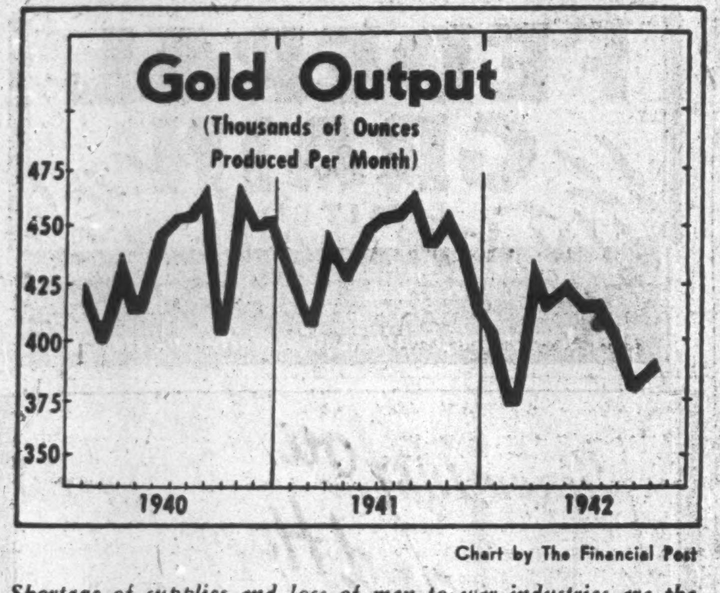

Chart by The Financial Post

Shortage of supplies and loss of men to war industries are the immediate causes of declining gold output.

Mining INVESTMENTS

War metals appear likely to be the goal of prospecting activities again in 1943. The hunt was prosecuted vigorously in 1942 and, incidentally, several gold finds were made by parties out looking for strategic minerals. This may be repeated in 1943, for the formations in which war metals will be found are very often the same as those favorable to gold deposits. Gold discoveries can't be developed now but comprise a valuable asset for after the war.

Use of the fluorescent lamp to find war metals will be more extensive in 1943. More than one important tungsten find was made at night this last year with fluorescence showing up under the lamp. A new technique of prospecting has been worked out. Spots where fluorescence is detected are marked during "after dark" prospecting and next day these spots are prospected in detail to determine possibilities.

* * *

Government operation of strategic mineral deposits is likely to come even more to the fore in 1943. Wartime Metals Corp. was formed as an operating agency this year and numerous properties have been taken over already. Emerald tungsten is an outstanding example.

From indications to date, profits to be realized from working of strategic mineral deposits may not be great although a considerable income may be realized in the aggregate. Most of the war metal properties operated by the government have been taken over on a royalty basis, with so much paid per ton of ore extracted or pound of metal produced.

* * *

Tonnage of ore milled by Ontario gold mines continued to go down in November but the rate of decline seems to be slowing, suggesting that production may stabilize.

Average recovery in Ontario for the first 11 months of this year amounted to $9.93 per ton. While a number of Ontario gold mines have been offsetting lower tonnage of ore milled by mining higher average grade ore, average recovery has actually shown a drop this year.

This may be due to the fact that many mines have no reserves of higher than average grade ore laid by which can be drawn on at will. Many mines must mill ore as the workings are extended, and high-grade ore cannot always be mined first even when it is known to be available.

* * *

Whitehorse, Yukon jumping off place, is stated to be enjoying a boom "greater than in the days of Sam McGee." Cause of the boom is building of the Alaska Highway which has resulted in such a shortage of housing that even McGee's old cabin, remembered by Dr. J. B. Tyrrell and other mining pioneers of '93, has been pressed into use.

The largest hotel in Whitehorse has 48 rooms, but there have been 100 guests in it each night recently, with 20 to 30 others turned away. Liquor sales are 10 times those of a year ago. The two beer parlors will have to close for the winter as no more beer will be shipped until spring because of the danger of freezing.

While latest boom is founded on construction of the Alcan highway, residents are hoping that a basis for a more stable prosperity will be found in local mineral resources. In recent years furs and tourists have been the main sources of revenue.

* * *

Many smaller gold mines have been forced to close down during the last few years but their managements have tried to keep the properties in good shape for resuming production after the war.

Here is a typical statement which speaks for itself—Spud Valley is the gold mine:

"Accordingly all work was stopped and the property put in condition for a complete shut-down. In closing the mine, however, due consideration was given to leaving the property in such shape, that operations could speedily be resumed when the present war crisis ends and conditions permit a resumption.

Home Oil Canada's Largest Straight Crude Producer

With over three million barrels of crude produced since its No. 2 well came into operation, Home Oil Co. is now a greater producer of oil than any other company engaged solely in oil production, President R. H. B. Ker states in a progress report to shareholders. Taking all companies together, Home continues the second largest producer in Canada.

The average production of the 11 Home Oil wells is stated to be nearly three times as large as the average production of the 227 wells in Turner Valley. The eight of the company's wells on production the whole 11 months of 1942 are stated to have shown a monthly decline of only 0.96% or less than 25% of the average decline rate used by the Conservation Board for all Turner Valley wells, which is given at 4.11% per month.

Uses Little Gas

Home Oil wells in October, it is reported, used only 1.475 thousand cu. ft. of gas to produce a barrel of oil compared with an average of 3.55 thousand cu. ft. for the field at large. This fact may account for the very low decline in the Home Oil production rate and may increase the ultimate recovery of oil from Home wells, it is stated.

Home production for the first 11 months of 1942 was 1,035,364 bbls., or 12.8% of the total output of Turner Valley for that period. During November, 11 wells produced 101,912 bbls. of oil. The company's No. 12 well was placed on production test on Dec. 5 and has been assigned a temporary allowable of 400 bbls. daily. During 1942, two wells were completed by sub-lessees and a further six wells are now being drilled on ground sub-leased by others.

Of 24 wells at present being drilled in Turner Valley, Home Oil is financially interested in 12. Of the 12, three wells—Home-Millarville Nos. 13, 14 and 15—are being drilled by contract. Varying interests are held in other drilling wells and a participation has also been taken in drilling of a Turner Valley well to test the underlying Devonian formation.

Recent drilling by sub-lessees is stated to have indicated a substantial addition to the company's oil reserves.

To secure an increase in Canada's production of oil, an immediate adjustment of the tax and price structure is advocated so that the oil producer could retain a larger percentage of the value of his product, encouraging him to seek further reserves.

Ford Increases Output in 1942

Employment Higher, More Trucks and Carriers Made.

Output of trucks and universal carriers was increased substantially in 1942 by Ford Motor Co. of Canada, according to W. R. Campbell, president.

Plant was expanded by an addition to the foundry to provide space for more furnaces and facilities for production of steel castings. This expansion is continuing.

Last year employment in the Windsor plant reached an all-time high of 15,600 persons. The average number of employees in 1941 was 13,188; in 1940, 8,971 and in 1939, 7,442.

Mr. Campbell stresses technological advances, such as the development of centrifugal casting, which utilizes spinning molds instead of the customary stationary molds. The centrifugal force generated by the whirling motion acts on the molten metal as it enters the molds to produce castings of "remarkable quality and characteristics." This method, largely developed by Ford of Canada engineers and metallurgists, is expected to have a marked effect on postwar production of cars and trucks.

Mr. Campbell states that "astronomical savings of critical materials, precious man-hours and vital machine-tool hours have been effected." Production has been increased and manufacturing costs lowered. The new type of castings replace parts formerly forged or machined one at a time. These parts are now cast many at a time in molds so close to required specifications that little labor is required to finish them. They have permitted Ford of Canada to add entirely new products to its production schedules, among which are cylinder barrels for aircraft engines.

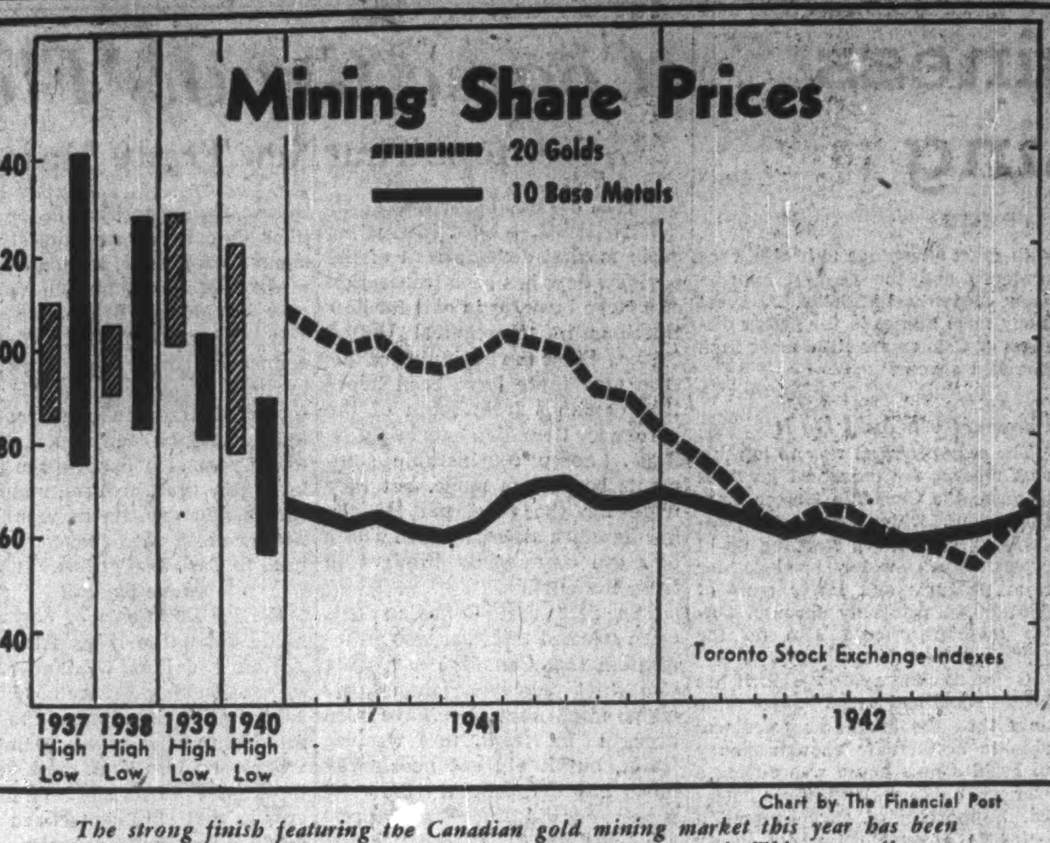

Chart by The Financial Post

The strong finish featuring the Canadian gold mining market this year has been assisted by heavy buying for New York account, it is reported. This may reflect an unusually optimistic view of the future of gold mining here, it is considered, for U. S. investors are usually sellers at this time of year, disposing of stocks to establish market losses for tax purposes.

The Year Ahead — Western Oils

Can Alberta Increase Output?

Say Ottawa Help Would Up Production

From Our Own Correspondent

CALGARY.—If essential military and civilian requirements of the west are to be met, Alberta's oil output—about 98% of Canadian production—will have to be increased in 1943. As 1942 closed, some oil men doubted whether this could be achieved unless Ottawa gave greater encouragement to their industry.

In Turner Valley there are still about 90 sites available for drilling in "proven territory," mostly on the central, west and northwest flanks, where results, on the whole, have not been as successful as in the lush south end and north extension sections of the field.

There are also prospects of additional extensions to the south, to the north, the northwest and northeast. A key south extension test, Brown 6, was resuming drilling at year's end, with completion expected in three to four months. Three key tests which will determine much about the north, northeast and northwest prospects (the Northclonmel, Northend 1 and Miracle 3 wells) were in the Madison lime, with completion expected early in January.

Deep Test Interesting

Hope is held that the Devonian limestone underlying the Madison of Turner Valley will prove productive by mid-1943. Backed by 14 companies, the initial Devonian venture is drilling below 3,500 ft., with completion looked for between 10,000 and 12,000 ft.

Only about two thirds of the available drilling rigs are now in operation in Turner Valley. Only 20 wells are drilling, compared with 30 during the spring of 1942. This is the darker side of the current development picture.

To maintain production or to increase it, the idle rigs must be put back to work. The proven area must be drilled out at an accelerated rate. The "unknowns" must be determined by exploratory drilling.

An expansion in drilling can only be obtained by making it more attractive to oil companies and the public, oil men feel. That end, they say, could be achieved by an increase in the price of oil (now somewhat below the actual competitive level), by income tax revisions to ease the burden on companies, and the lessening of taxation on royalty distributions.

Other Fields to Help

The full exploitation of Turner Valley would help meet the pressing immediate needs for more oil. To provide for the inevitable ultimate decline in Turner Valley's production, when the proven area has been drilled out, it is exploratory drilling in search of other oilfields that is necessary.

The Canadian National Railway came into the oil development picture recently by acquiring considerable acreage in the proven and prospective sections of the Vermilion field, on the central Alberta plains, and is completing plans for a 50 well programme to start in early 1943.

This programme, for the time being at least, will be concentrated in the proven area of Vermilion, where 14 wells are now producing, and will, it is hoped, provide 1,000 to 1,250 bbl. per day of new production by summer.

This will help meet the C. N. R.'s need for burner oil for its Rocky Mountain division, the low gravity heavy oil of Vermilion being suitable for this purpose. It will not, however, provide oil of the type needed to produce gasoline for the growing military and civilian needs in the west.

Consolidated Mining & Smelting Co., with the blessing of the Dominion Government, is working with Abasand Oils to determine feasibility of large-scale commercial production from the famous McMurray tar sands of northern Alberta. This, again, is a project that cannot materially affect oil supply in 1943, although it may have tremendous possibilities for the more distant future.

In the Taber area of southeastern Alberta, Standard Oil of B. C. brought in a well at 3,100 feet in 1942, capable of producing some 300 bbls. per day of 18 gravity oil. Subsequent drilling, however, indicated that the Taber area is spotty, that although its possibilities for a large recovery of oil in 1943 are good, considerable exploratory drilling and expenditure will be necessary to fully determine the prospects.

Whether Standard of B. C. and the several independents, including Hi-Test Petroleums, which are interested in the field, will carry out that programme may hinge on what action the government takes to put oil prices on a more satisfactory level, and to ease the tax burden.

Elsewhere in the foothills and on the plains of Alberta there are dozens of areas which geologists believe may be developed into oil fields. Drilling is actually under way on only half a dozen of these "prospects." Such wildcatting as there is is being undertaken by Imperial Oil, Standard of B. C. and Shell Oil of Canada.

Preliminary returns for 1942 show that the Alberta oil industry has increased its production for the seventh consecutive year. Oil production for the year is estimated at just over 10,150,000 bbls.—the first time in the 30-year history of the industry that production in any single year has exceeded the 10 million barrel mark. Returns from production are estimated at almost $15.5 millions, compared with $13.8 millions in the previous record year, 1941.

In 1942 Canada's oil industry was called on to meet unprecedented demands created by the war.

Ranking large in the war plans of the Allies was construction of a 1,200-mile highway linking Alaska with the highway system of the U. S. and Canada. The oilfields of Alberta provided the hundreds of thousands of barrels of petroleum products required for the highway construction. These fields now have the job of supplying thousands of barrels of oil daily to keep the trucks rolling to and from Alaska.

The Alberta oil industry was called on for ever greater quantities of aviation fuel in 1942 for the training craft of the British Commonwealth Air Training Plan. Western refineries are ready to commence production of "fighting grade" aviation gasoline of 100-octane rating from the high-test crude oil from Turner Valley.

Western Oil Output Gains

	Production in Barrels			Total barrels to date
	1942*	1941	1940	
Turner Valley	9,984,853	9,830,343	8,452,527	55,291,076
McMurray tar sands	14,560	19,519	......	35,079
Princess	11,240	19,587	......	30,827
Taber	32,123	5,600	......	56,541
Vermilion	71,904	18,379	10,817	99,189
Other fields	35,504	30,971	29,893	565,117
All Alberta sources	10,150,384	9,924,399	8,495,207	56,677,829

*Estimated.

Bond Holdings Are Higher

Provincial Bank of Canada's financial statement for the year ended Nov. 30 follows the same general pattern as those of the other chartered banks. A sharp rise in deposits, and also of holdings of government bonds, reflects current war financing, while a moderate drop in earnings resulted from a further advance in taxation.

Profit and Loss Account
Years Ended Nov. 30

	1942	1941
	$	$
Net earnings	467,794	440,664
Less: Taxes	*186,781	141,210
Net profit	281,013	291,434
Less: Dividends	230,000	240,000
W/o premises	50,000	50,000
Surplus	1,013	1,434
Previous surplus	210,763	248,993
Less: Tax adjust.	......	39,664
	211,776	210,763

*Including $6,579 refundable.

	1942	1941
Earned per share after premises write-off	$5.77	$6.03
Dividend per share	5.75	6.00

Balance Sheet Changes
Assets

	1942	1941
	$	$
Govt. securities (short)	16,890,883	6,788,104
Other govt. secs.	11,872,592	7,491,520
Municipal secs.	9,793,865	10,585,014
Call loans	2,975,703	2,989,136
Loans & discounts	16,139,340	14,449,186
Liabilities		
Deposits (bearing int.)	44,187,346	39,415,387
Deposits (demand)	21,199,609	11,758,053

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Gold Stocks Good as Gold States Stephen Leacock

"Those of us who believe in gold and its future regard Canadian gold stocks (the real mines with gold in them) as among the soundest investments in the world, for those, at least, who can wait." So says Stephen Leacock in Barron's, U. S. financial weekly.

Reviewing the history of gold, the current world gold situation, and gold mining in Canada, Mr. Leacock expresses confidence that gold is going to continue as money and that this country's gold mining industry has a brilliant future ahead, even though this future may temporarily be clouded by war conditions.

Speaking of the investment status of Canadian gold stocks, Mr. Leacock has this to say:

"They (Canadian golds) are not perhaps the ideal investment for widows and orphans; but, after all, the ideal investment for a widow is a husband and for an orphan a college course in the theory of gold. But for people willing, and many of them more than willing, to go without dividends till the tax clouds roll by, gold securities look—well, as good as gold."

Mr. Leacock sees any departure from gold as a major catastrophe for Canada but thinks such a catastrophe is highly unlikely, summing up his views in the following terms:

"It is difficult to overestimate the seriousness of any menace to Canada of a permanent collapse of gold. But personally I do not think there is any real menace. Gold is gold. It will come back after the war bigger, brighter and golder than ever . . . .

"In short the restoration of the gold standard is the world's first postwar task. If that idea is shortsighted, let the blind join hands and lead the blind. We've got some good men on the string. Come along Dr. Tyrrell; take my hand Mr. Roosevelt."

Home Oil Critical Of C. N. R. Entry

While many quarters have expressed approval of the C. N. R.'s decision to drill 50 wells in the Vermilion oil field, the move hasn't found universal acceptance, from what President R. H. B. Ker of Home Oil states in the year-end progress report to that company's shareholders. He declares:

"The fact that not only your company but also leading oil companies of Canada have continued to spend their money, even in the outlying sections of that area (Vermilion) makes it appear that public funds were not essential for development of a small area adjacent to producing wells providing the authorities had followed the ordinary business methods of offering oil companies operating in that district a reasonable price and a continuity of market."

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International Paints (Canada) Limited

and Subsidiary Companies

Consolidated Balance Sheet—September 30, 1942

Assets

Current Assets:			
Cash in bank and on hand		$196,941.85	
Accounts Receivable, less Reserve of $29,000.00 for Bad and Doubtful Accounts		520,422.74	
Surrender value of Life Insurance Policies		6,415.90	
Physical Inventory, as certified by the Management, valued in respect of Raw Materials and Supplies at the lower of cost or market, and as to Goods in Process and Manufactured Stock at Standard Costs, estimated by the Management		638,777.89	$1,362,458.18
Investments at Cost, less Reserve of $25,000.00			4,015.02
Refundable Portion of Excess Profits Tax			14,535.80
Deferred Charges to Operations:			
Prepaid Insurance, Taxes, etc.			11,572.74
Property Assets:			
Carried at appraisal at February 29, 1940, by Canadian Appraisal Company Limited, plus subsequent additions (net)		$806,803.02	
Deduct:			
Reserve for Depreciation adjusted to amount shown by above appraisal plus subsequent additions (net)	$306,508.91		
Surplus arising from appraisal of Properties	150,916.75	457,425.66	349,377.36
Trade Marks, Patents, Formulae and Goodwill		$195,001.00	
Less:			
Surplus appropriated for Bonds redeemed	$146,000.00		
Capital Surplus	10,087.69	156,087.69	38,913.31
			$1,780,872.41

Liabilities

Current Liabilities:			
Accounts Payable		$268,465.33	
Accrued Liabilities		7,916.53	
Reserve for Income and Excess Profits and Other Taxes		339,350.92	$615,732.78
First Mortgage Ten Year 3½% Sterling Bonds: Due September 1, 1943:			
Issued	£30,000.00	$146,000.00	
Less: Redeemed and cancelled	30,000.00	146,000.00	
General Reserve:			147,382.58
Reserve for Future Depreciation in Inventory Values			87,000.00
5% Cumulative Participating Preferred Stock: Authorized and Issued — 42,000 shares of $20.00 each			840,000.00
Common Stock: Authorized and Issued— Class "A" — 20,860 shares without par value		$104,300.00	
Class "B"—7,140 shares without par value		35,700.00	
		140,000.00	
of which the total amount was attributed to Surplus and applied by the Directors to write down Goodwill, etc.		$140,000.00	
Earned Surplus: Balance at September 30, 1942, as per statement attached		$ 76,251.28	
Deferred Surplus: Refundable portion of Excess Profits Tax		14,535.80	90,787.08
			$1,780,872.41

Note: Dividends aggregating $5.50 per share have accumulated on the Preferred Shares of which $1.50 has since been declared payable on January 12, 1943.

When all arrears of dividends have been fully paid up the dividend rate will increase to 6%.

Approved on Behalf of the Board:
J. EDOUARD LABELLE, Director.
J. H. DAVEY, Director.

Submitted with our Report to the Shareholders.
Dated December 11, 1942
PRICE, WATERHOUSE & CO. Auditors.

Consolidated Statement of Profit and Loss and Earned Surplus for the Year Ending September 30, 1942.

Profit from Operations, before provision for the undernoted items		$535,861.54
Miscellaneous Income		409.50
		$536,271.04
Interest on Bonds	$ 1,472.35	
Directors' Fees	2,040.00	
Executive Salaries	31,714.43	
Legal Fees	78.93	35,305.71
		$500,965.33
Provision for Depreciation, including Special Amortization		47,126.32
		$453,839.01
Provision for Income and Excess Profits Taxes	$292,676.47	
Transferred to General Reserve	46,162.54	
Provision for future depreciation in Inventory values	52,000.00	390,839.01
		$ 63,000.00
Earned Surplus, Balance September 30, 1941	$ 64,215.98	
Exchange Profit on Redemption of Company's Bonds (£6,000.00)	2,380.00	
Adjustment in respect of Provincial Taxes	908.73	67,504.71
		$130,504.71
Dividend paid on Preferred Stock, January 12, 1942	$ 52,490.00	
Net Loss on sale of Capital Assets	1,763.43	54,253.43
Balance Earned Surplus, September 30, 1942		$ 76,251.28

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of International Paints (Canada) Limited and its wholly owned subsidiary companies for the year ending September 30, 1942, with the exception of Stewart and Wood Limited, in respect of which we have accepted accounts audited by another firm of Chartered Accountants. We have received all the information and explanations which we have required and we report that, in our opinion, the attached Consolidated Balance Sheet at September 30, 1942, is properly drawn up so as to show a true and correct view of the state of the combined affairs of International Paints (Canada) Limited, and its subsidiary companies at that date, according to the best of our information and the explanations given to us, and as shown by the books of the Companies which we have examined and by the audited accounts of Stewart and Wood Limited.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, December 11, 1942.

Business Leaders' Forecast For 1943

See also pages 7, 8, 9, 12, 15

Mining and Oil

A. L. Blomfield

Managing director, Lake Shore Mines Ltd.

Under the constantly changing governmental orders due to the necessities of the war, it seems impossible to answer your letter direct.

I consider the position of gold in relation to money and commerce as necessary as ever.

For the continuation of the war period we are making almost all our our parts for replacements and repairs, and, in old mines at least, recovering and shipping as much scrap steel as we buy balls for grinding purposes.

Our young men are mostly gone and the older force are maintaining an excellent efficiency and under reduced tonnage we are so far keeping the mines in shape.

Should the necessities of war close us down, irreparable damage will be done to the miles of timbered drifts, stopes, etc., which must, in the old properties, be kept open—otherwise very large tonnages of ore will be lost for good and return to production after the war delayed and reduced.

As regards taxes, anything like the present scale continued after peace comes will reduce development of new mines toward the vanishing point.

The tonnages produced and the number of men employed will be in direct relation to the price of gold to the cost per ton of beneficiating the ore.

The attitude of the governments towards the industry can make or break it, as increased costs in the case of gold cannot be passed on to the consumer.

• • •

L. D. M. Baxter

Director, Osler, Hammond & Nanton Ltd., Oil Dept.

One of the major problems facing western Canada in the months that lie ahead is how to supplement dwindling oil reserves to meet not only the requirements of essential war industry including agriculture, which plays so prominent a part in the life of our country, but in addition to supply a growing demand from the far northern route which is destined to take an important part in allied strategy.

In spite of the optimism prevailing in the early months of 1942, Turner Valley remains the mainstay of western oil production and to meet this year's demands, we have drawn heavily on Montana oil and this avenue of supply may shortly be closed. True, operations at Fort Norman have increased the potential in that field and the possibilities of the tar sands of Athabasca are being investigated for the Dominion Government.

The Canadian National Railways have plans in hand to explore for fuel oil at Vermilion and operations by the independent and major companies proceed at several points in both Alberta and Saskatchewan.

I say this advisedly—unless greater encouragement is given to those who must face the hazard which attaches to exploration in unknown fields, I cannot visualize other than a serious shortage in the West of that precious fluid which might be said to provide the very life blood for industry and the mechanized equipment of war. Oil there is to be found. I can only hope assistance in the search will not be too little nor too late.

• • •

S. G. Blaylock

President and managing director, Consolidated Mining & Smelting Co.

Our plants are running at high production and that our entire force are determined to do everything they can to help the war effort. More than 25% of our employees of the Trail and Kimberley plants are now serving with His Majesty's Forces—which is another indication that our employees are fully aware of their responsibilities and are living up to them.

• • •

A. E. Jukes

President, A. E. Jukes & Co.

In British Columbia, our main hope is that the manpower problem will be solved during the coming year. The great problem facing the mining industry in this province is the shortage of manpower. Today, men come and go haphazardly, and apparently no real effort is being made to mobilize civilians in the same way they are mobilized in the armed forces.

Surely a man, engaged in an industry that is a part of Canada's war effort, can be acknowledged and recognized for his actions. A badge or parchment, stating that Canada needs the individual employee to carry on this type of work, can be utilized to great effect.

In British Columbia, we are suffering from the labor demands of new industries that have shot up during the war and, admittedly are necessary. We must not, however, lose sight of the fact that mining of ore from the vast deposits contained in this province is also essential as, without copper, lead and zinc, the finished product cannot be constructed. The mining of gold should not be discouraged because of its importance to our economic stability. When some such plan is worked out, I feel quite sure that Canada's war effort can and will be much nearer a solution.

• • •

Balmer Neilly

Executive vice-president and treasurer, McIntyre Porcupine Mines, Ltd.

The future of gold mining in Canada, under wartime conditions, is beyond the power of any private citizen to predict.

When hostilities commenced, those who had not forgotten the experience gained in the last war, anticipated a labor shortage and gradually rising unit costs. But in the early months of this conflict, there was no real shortage of labor, and so far as supplies and materials were concerned, it was largely a buyers' market.

In July, 1940, the gold producers were called to Ottawa, and there they were informed in no uncertain terms that theirs was an essential wartime effort, and the conference concerned itself with discussing ways and means by which production could be increased, at once, and to the maximum possible.

Canada's need for U. S. dollars was urgent, and the government expected every Canadian gold producer to do his duty. The sky was the limit and the cost of expansion was of secondary importance.

The response on the part of the gold producers was immediate and enthusiastic. Underground development was on an expanding scale. Some companies set about enlarging their milling facilities, new properties were prepared for production, and then suddenly, and without warning, came an air raid signal, and we were put on notice that a "blackout" was to be anticipated.

Priorities were stringently curtailed. Mining companies were refused the right to utilize their increased facilities. Operators were warned that a general contraction in output was necessary, and we were told some months ago that if the war lasted another two years, we would all be closed down.

Men were moved from the gold mines to the base metal mines, and the employment service placed this industry in Category "D", where additional labor was refused. Gold mining companies were, figuratively speaking, consigned to the dog house.

In the meantime, the United States authorities have decided to modify their original regulation closing all gold mines. South Africa, it has been determined, will be permitted to proceed full blast. Australia, although subject to enemy attack, has put its gold mines on a 50 to 60% basis.

Our own Employment Service has decreed that gold mines, provided they are located in British Columbia, are to be permitted to engage men. The pendulum for the present seems to be swinging—perhaps only momentarily—in the opposite direction, and in the meantime the people in North Africa have demonstrated, in a very practical and decisive manner, their preference for gold over the various forms of managed currency. A less cautious writer might even declare that gold had established itself as a war metal of primary importance.

The future of the industry, and indeed the future of all those people who have ventured their life effort in northern Canada, is largely in the control of the Ottawa authorities. If the gold mines are closed, the cost of maintenance and loss of ore will be beyond any sum presently contemplated. Settlers and tradesmen in the North Country will be ruined. The mining industry will be prevented from playing any important part in providing employment when hostilities cease.

"To be or not to be, that is the question," that Ottawa must answer.

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The Year Ahead — Base Metals

More Base Metals in 1943

New Aluminum and Nickel Facilities Begin to Show

By GORDON M. GRANT

A government statement estimates Canada's 1943 output of aluminum, nickel, copper, lead and zinc at 1.3 million tons—an increase of 45% over that of 1939.

Behind this is the building of a power plant to boost aluminum production, completion of huge new productive facilities of International Nickel, and completion of expansion projects at a number of strategic metal mines.

200,000 Tons Extra

From the sketchy information authorities release in wartime, it appears the planned increase in non-ferrous metal output for 1943 can be placed at around 200,000 tons. This figure is reached by comparison of the 1.3 million tons of metal expected in 1943 with the "upwards of 1.1 million tons" Metals Controller G. C. Bateman mentioned in Vancouver last month as estimated output of 1942. It is likely that the increase in production of aluminum will be far greater than that of any other non-ferrous metal. Canada is or will soon beturning out 40% of the aluminum requirements of the United Nations.

Mr. Bateman estimates that when Canada completes her aluminum programme, "probably in 1943," our capacity will exceed the world output of 1937. The 1937 world output was just over a billion pounds.

Taking the figure of a billion pounds, Canada's capacity for producing aluminum will be more than six times 1939's 165 million pounds.

Nickel Works Ahead

From an alloy metals standpoint, perhaps the most significant increase is in the nickel plants of International Nickel Co. and Falconbridge Nickel. Taken together more than 50 million pounds of extra capacity has been placed in operation in recent weeks. This will give alloy metal for one or two million tons of steel a year, and help ease the strain on other alloy metals such as molybdenum and tungsten.

It is estimated that an extra 50 million pounds of nickel from International Nickel Co. will mean an accompanying output of 75 million pounds of copper a year over that previously turned out.

International Nickel's ore runs high in copper as well as nickel; which is the reason for the added copper output.

Magnesium Output "Significant"

From a volume standpoint, production of magnesium will be relatively small in 1943—perhaps not over 3,500 tons or seven million pounds. But as an alloy metal and a raw material for incendiary bombs and flares, it will be significant in a strategic sense.

Tungsten & "Moly" to Fore

Included in Canada's production of non-ferrous metals is a whole list of metals whose output in volume is insignificant but whose importance is great. These include tungsten, molybdenum, tin.

A 400% increase in tungsten production is scheduled with the placing of a 300-ton mill in operation at the Emerald tungsten property in British Columbia.

Molybdenum production in 1943 may show an even greater increase than that of tungsten. Steps are being taken to place Dome's Preissac property in production with a 500-ton mill.

Industry Using More

When the war started it was estimated Canada was consuming about 20% of her copper, lead and zinc.

In 1943, Canada is expected to consume about 30% of her toal non-ferrous metals at home. Considering the increase in production between 1939 and 1943, it appears Canadian industry will next year be fabricating metal at about twice the prewar rate.

The ability of Canada to maintain the 1943 rate of production of non-ferrous metals right along the line for any time is open to question.

This will have its repercussions in the postwar era. Higher prices may rule for some Canadian non-ferrous metals—copper, lead and zinc—and this, with the lifting of the E.P.T., may assist companies to maintain earnings.

While production of copper, lead and zinc will likely drop, aluminum and magnesium production after the war will likely be far greater than anything achieved prior to this war. With this country a source of cheap electric power, continued large-scale production of both aluminum and magnesium may be more feasible here than elsewhere after the war. It is noted that in the United States, a large part of new aluminum production facilities are admittedly of the temporary variety, powered by electricity diverted from civilian centres.

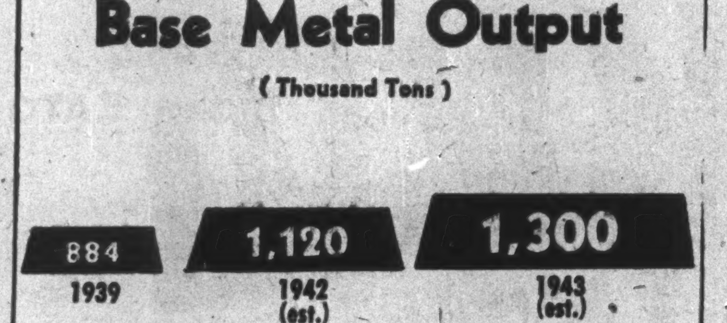

Chart by The Financial Post

Since the war Canada's base metal output has risen about 45% by weight. By value the increase has been considerably greater since emphasis has been on aluminum and nickel rather than the cheaper metals.

1
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The valuable annual edition of THE FINANCIAL POST CORPORATION SERVICE DIVIDEND RECORD will be published January 4, 1943. This Record gives complete information on dividends paid by Canadian public companies and will be of material aid to you — and your clients — in calculating income tax returns.

The annual edition records in the one place each 1942 dividend payment along with the date payable, record date and ex-dividend date, where it applies. An example follows:

The Intl. Nickel Co. of Can. Ltd.
7% c pf. ($100 & $5) R. 7% US pa Q
1¾%US . Feb 2/42 Jan 2-xd 31
1¾%US . May 1/42 Apr 1-xd 31
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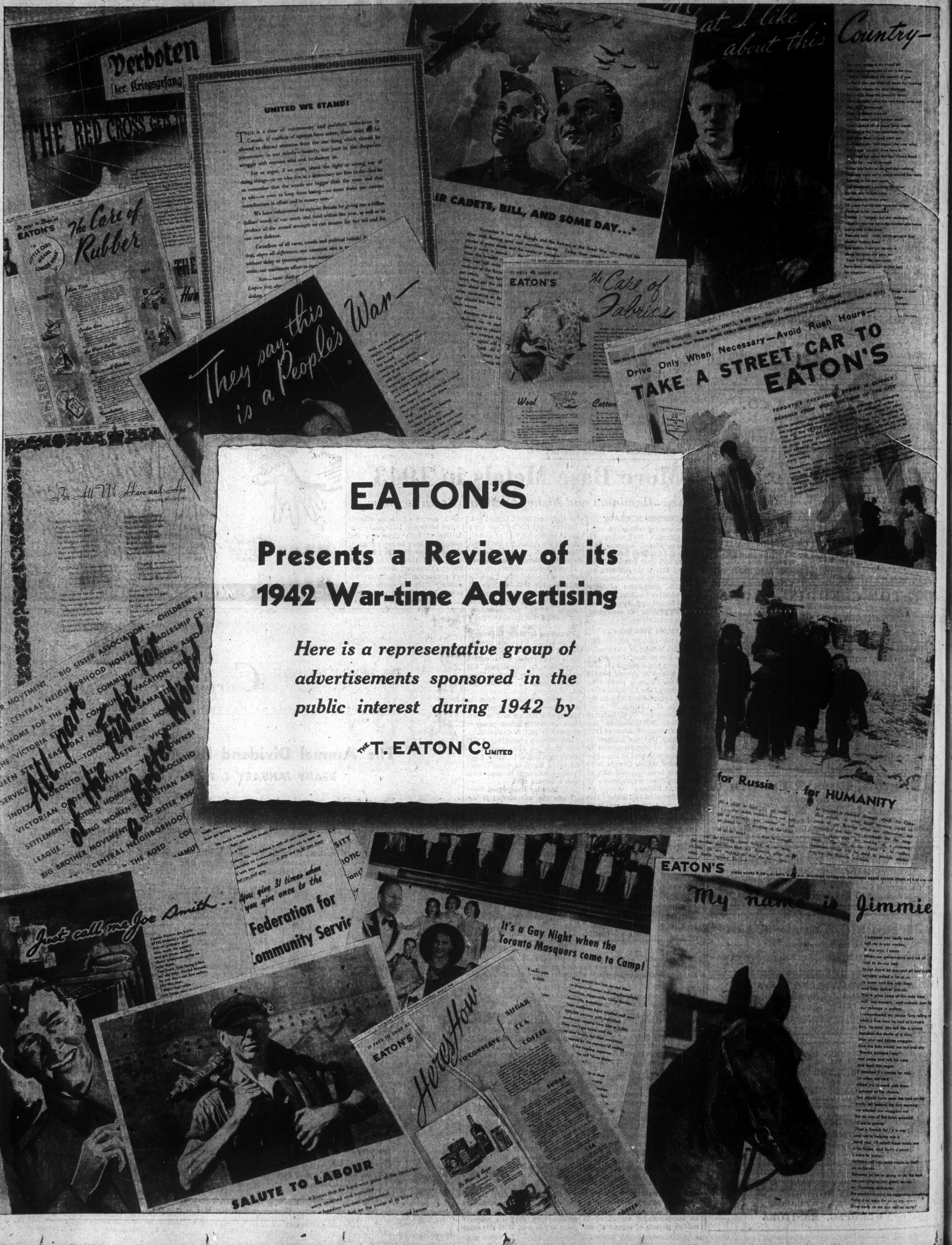
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